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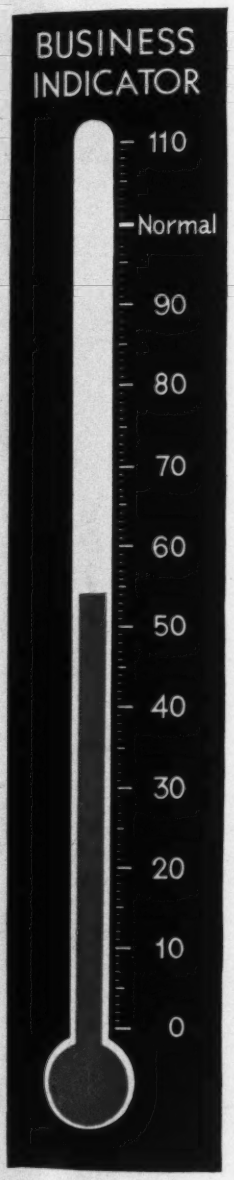
THE BUSINESS WEEK



The usual late-fall decline in some of the indicators of production and primary distribution has set in, but slightly later and less uniformly than usual. . . . Carloadings have passed their seasonal peak for the year; soft coal production is likewise beginning to recede and the volume of building contracts to decline. . . . Electric power output is being maintained mainly by natural seasonal factors rather than by sustained industrial demand. . . . Steel activity continues surprisingly steady for the season, supported by increasing railroad repair and new-model automotive requirements, with the probability of reinforcement during the winter by belated rail orders and R.F.C.-financed construction. . . . Altogether the first fall business gains in four years seem to have been so far fairly well held despite political alarums and excursions. . . . The same cannot be said of commodity values, which have suffered in sympathy with the sharp collapse of grain prices under pressure of intensified export competition and have now lost almost all their seasonal gain since June. . . . Security markets have been subject to a bad case of pre-election sleeping sickness, from which poor earnings reports, hopeful dividend declarations, encouraging business indicators, impossible wheat prices, nor political pandemonium have been able to rouse them to activity either way. . . . Still, their steadiness in face of these distractions is an indication of strength rather than of exhaustion. . . . Idle bank reserves continue to pile up and depress money rates, without sign of business credit expansion.

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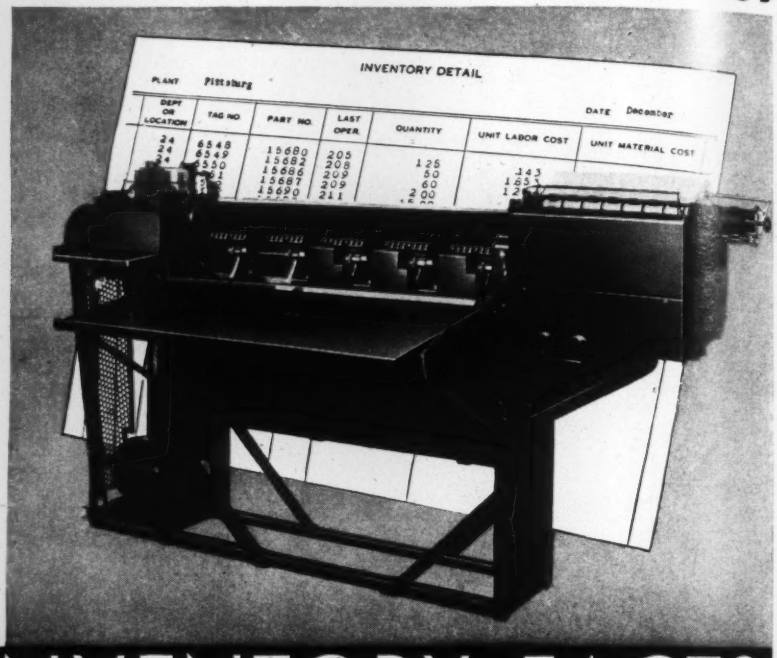

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This Business Week:

Tariff

They call it dumping, but the sale in this country of foreign goods at ruinous prices by our standards may be the result of currency depreciation abroad. As such, it's hard to stop. American business will have to prove injury and intent if Washington is to do anything about it. (p. 5)

By any name, however, it hurts. This year, for example, 4 out of 5 American Christmas trees will be lit with Japanese electric bulbs. Loss to American workers: $2,300,000. *(p. 6)*

With dollars buying more yen and yen buying about the same amount of materials and labor, there are imports never heard from before. Japanese tuna prices here have tied up the American tuna fleet; now comes Japanese salmon at $2.40 a case—$1 less than the American product. *(p. 6)*

Marketing

There is a trend to rental of equipment. Most noticeable in domestic electric appliances, it is also seen in industry. It is instalment selling gone all the way. It means a greatly expanded market: those who live in rented homes, who run rented factories, who are willing to pay for the use but shrink from the permanence of investment. *(p. 7)*

More ready-mixed products are reaching the kitchen. Gingerbread and fruit cake save the housewife work; primarily, they provide a market for molasses and fruits. *(p. 7)*

With 3 million-dollar department stores, Sears Roebuck enters the rich New York territory, continuing its shift from mail-order selling, dependent on farm income, to retail stores in high potential locations. *(p. 10)*

A new packaged oil breaks precedent, comes in cans that fill a crankcase rather than in traditional quarts and gallons. *(p. 8)* Alterations in men's clothes are included in the price, women pay extra; makers think men should but stores have two minds about it. *(p. 8)* New: a monogram machine for stockings and an electric typewriter. *(p. 8)* A spray gun which coats anything with metal. *(p. 9)*

Cigarette sales are up, but a good portion of the increase turns out to be due to the rise of the 20-for-10¢ variety. The "cheapies" may force new tactics in the Big 4 lines. *(p. 9)*

Motors

This time, it is Chrysler who makes the announcement that opens the annual battle for the small car market. In view of purchasing power, small cars are more important than ever, the fight that much more bitter. *(p. 10)*

Transport

Eastern roads are shutting down on the pass racket. *(p. 12)* And the I.C.C. is giving them the devil for building all those expensive produce terminals. *(p. 12)*

Those emergency freight rate surcharges were pooled, you will remember, to be loaned to the needy roads. The plan expires next March. There is some argument about whether it should be continued and who should get the money, but probably it will continue as is. *(p. 11)*

Fish

Despite the foundering of one of the old line fishing firms, the fishing business is getting better. Fishermen knew long ago this would be a year of exceptionally good catches. They hope for cold weather and high prices for pork and eggs so that people will eat more fish. *(p. 16)*

Wheat

Wheat, corn, oats, and rye are news. They hit a new low level last week, lowest in the memory of the oldest trader in the Pit, lowest in the records of the Pit which go back to 1862. There may have been lower prices in the Dark Ages, but that doesn't make the farmer feel any better when he gets two dimes for a bushel. Actually, there's no more wheat than usual, but it grew in the wrong places to help our exports. *(p. 20)*

Recovery

Reconstructionists seem slightly embarrassed by the pre-election political situation but it will soon be over. Meanwhile, the Banking & Industrial Committees carry on, working steadily if invisibly to bolster credit, fix mortgage situations, promote rehabilitation, The new rail loans mean new jobs. *(p. 22)*

Finance

Investment bankers, gathered in the pleasant splendor of White Sulphur Springs, reminisced on the bonds of yesteryear, concluded they might have been worse. *(p. 14)*

Foreign

Empire trade restrictions go into effect this month. Many nations plan to adjust production to fit national consumption plus exports. *(p. 28)*

France long ago worked out a central bureau to do buying abroad with French money locked up in foreign countries. Something of the sort is being started in New York to help traders handicapped by foreign exchange restrictions. *(p. 26)*

Business abroad, like business here, is completely overshadowed by the elections over here and over there. Once they're over, things will move fast. Tariffs and dumping are uppermost in everyone's mind. *(p. 29)*

Figures

The seasonal rise has about spent itself in carloadings and coal. Steel will join them unless automobile makers do the unlikely. Roads continue cautious about ordering rails despite the price cut. Construction leans heavily on the R.F.C. Commodities followed wheat in its slide. *(p. 32)*

$10,000 Annual Return from $8000 Investment

AS a part of its cost-reducing program the Consolidated Coppermines Corporation of Kimberly, Nevada, looked into its old manually operated pump controllers—and found they were not meeting emergency conditions. New G-E full-automatic pump controllers were installed at a cost of $8000. The result: savings of $10,000 over the previous year's operating costs.

Saved, $2000 more than the cost of the new equipment, and operating conditions greatly improved—that's what modernization is doing for this alert mining corporation. In one form or another, the benefits of modernization are evident in every industry.

Do you give thoughtful hearings to modernization plans? The right kind of modernization pays for itself.

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GENERAL ELECTRIC

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending November 5, 1932

They Talk About Dumping But Find It Hard To Prove

Washington has to have evidence cheap imports aren't due to falling exchange

A SHRILL "Ouch" is evidence that domestic manufacturers of a large variety of goods have been hurt, but unfortunately for them it is not sufficient evidence that they have been hurt by the dumping of foreign goods.

The anti-dumping law requires proof: first, that the exporter's sale price or importer's purchase price is actually lower than the home market value or cost of production; second, that domestic industries have been injured by dumping that is found to exist.

For weeks past a tide of complaints has rolled in to the Bureau of Customs, in which the charge of dumping is freely bandied. The bureau is willing and able to collect the price data that may support this charge. Investigations covering importation of 65 products now are under way, but domestic manufacturers themselves must produce some evidence that it is dumping and not its corollary, the depreciation in foreign currencies, or the depression in general, that has hurt their business.

Recent hearings before Frank Xavier Aloysius Eble, Commissioner of Customs, established that the business of numerous industries isn't what it used to be, but the decline in most cases cannot, on the witnesses' own statements, be attributed to dumping of competing foreign goods.

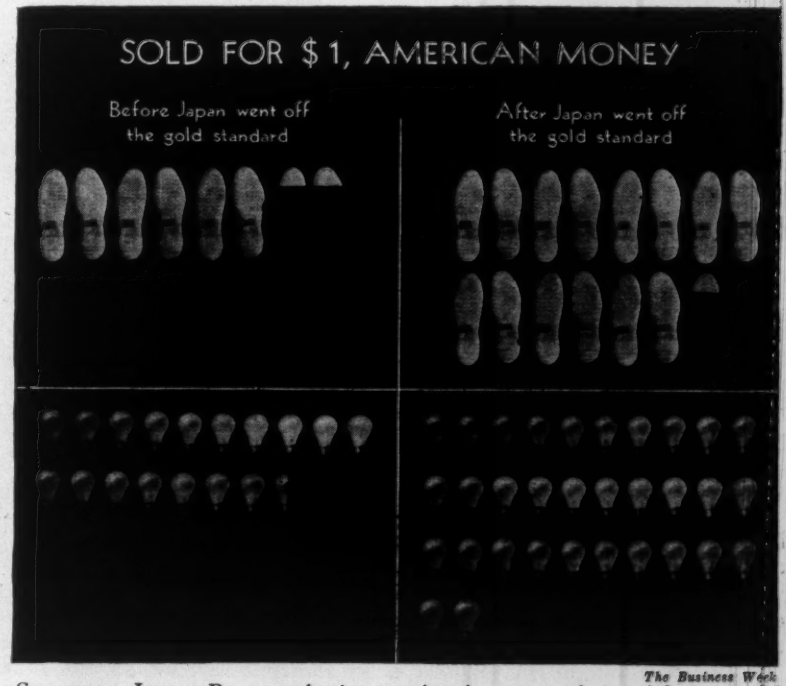
But desperate industries recognized that if they could not invoke the law, they could play politics, and they weren't disappointed. The clamor about dumping suddenly subsided after President Hoover's action in directing the Tariff Commission to determine the extent to which depreciation in foreign currencies has increased the disparity between foreign and domestic production costs of 16 groups of products. This can be overcome to some extent at least by stretching the flexible tariff.

The pilgrimage to Washington of the makers of tennis shoes, rubber toys, steel products, leather, stearic acid, etc., will not have been in vain, and some few of them will get results under the anti-dumping law itself, by which the difference between the home market value and the price to the importer becomes the measure of additional duty.

Notices of suspected dumping of manganese ore from Soviet Russia, steel products from Belgium, and several other commodities from Europe and the Orient have been issued. Importers are required to post security bonds or suspend business pending completion of the investigations.

The Anti-Dumping Act was born of just such an epidemic in 1921. Canada was the butt of numerous anti-dumping orders issued during that and the following year on plastic brick, castings, wheat flour, fountain syringes, oxide of iron, canned raspberries, roofing felt, rugs, veneers and veneer chair seats. Then the law fell into practical disuse until it was invoked last year against safety matches brought in from Austria, Estonia, Finland, Holland, Latvia, Norway, Poland, Soviet Russia, and Sweden. Anti-dumping orders were issued last August against ammonium sulphate imported from Germany, Belgium, and Poland. Only 33 findings of dumping have been made since enactment of the law 11 years ago.

During the ex parte hearings in Washington, the importers in general have been silent. But not those dealing in iron and steel products. They not only deny categorically the dumping charge but allege that the manufacturers who brought it are themselves guilty of dumping. George E. Dix, of the Steel Union Co., New York, charged that



The Business Week

SNEAKERS, LIGHT BULBS—*A picture of a force now being felt in world trade: what happens when the currency of an exporting country depreciates. For the same number of American dollars we can now buy more than twice as many Japanese products as when the yen was at par*

pig iron manufacturers in Buffalo maintain a price of $16 per ton in that territory but have a price of $14 for shipment to the Atlantic seaboard, that Birmingham likewise quotes $11 at home, $10 on the coast.

Importer Dix asserted that, when expedient, domestic mills import their needs; also dump abroad, and have done so this year to the extent of 443,306 gross tons. For years, he said, standard rails could be bought in Tokyo for $10 less per ton than the f.o.b. mill price to railroads in this country. According to Mr. Dix, the Bethlehem Steel Corp. brings in practically every ton of iron ore used in its Eastern furnaces. He asserted that had James A. Farrell remained head of U. S. Steel, the application for an anti-dumping order would not have been made and importers would not have been persecuted as they have been. Mr. Dix predicted that Robert P. Lamont, new president of the American Iron & Steel Institute, will have a man's size job on his hands if he tries to clean the steel house.

Political sparring on the tariff during the presidential campaign has given impetus to the vicarious movement for buying Uncle Sam's wares. An organization incorporated in the District of Columbia as "Buy Uncle Sam's, Inc." now is planning a campaign of preference for domestic products. Nathan B. Williams, general counsel of the organization, believes that the manufacturers of consumers' goods could profit immensely by following the example of the makers of industrial goods in proving to the public that their products are the world's best.

Anti-Dumping Investigations Have Been Ordered on These 65 Imports

Abrasives	Graphite	Quinine Sulphate
Aluminum	Hairpins	Rags, Wiping
Ammonium Carbonate	Leather, Upper	Rope, Wire
Ammonium Sulphate	Lumber	Salmon, Canned
Ball Bearings	Malt	Silica Sand
Binoculars	Manganese Ore	Silver Phosphate
Bottles	Manganese Silicate	Skates, Ice
Braid, Hemp	Matches (Safety)	Sodium Sulphate
Carpet Rugs & Mats	Motors, Electric	Starch, Potato
Casements, Steel Window	Mouldings & Carvings	Stearic Acid
Cast Iron Pipe	Netting, Cotton Fabric	Steel Products
Cement	Novelties, Rubber	Sugar
Cherries	Oil, Bunker or Fuel	Terpineol
China Accessories	Paper, Craft Wrapping	Thermostats
Chinaware	Paper, Mechanically Ground Sulphite	Thumb Tacks
Coumarin	Piano Accordions	Tires, Auto
Electric Lamps	Pig Iron	Tuna Fish
Fertilizers	Pipe, Small	Vanillin
Flowers, Cut	Potatoes	Wood Pulp
Footballs, Toy Rubber	Pot Cleaners	Wool
Footwear, Rubber	Quicksilver	Woven Wire Fence & Netting
Frames, Steel, Travel Bag		Wrenches

Of 5 Christmas Trees Japanese Will Light 4

FOUR out of 5 of the gay-colored electric bulbs on American Christmas trees this season will come from Japan. Loss to Americans in direct wages will run to $2,300,000, with further losses to suppliers of raw materials.

Extent of the Japanese invasion is revealed in recent statistics compiled by the industry. Importation of miniature bulbs from Japan this season will mount to 54 millions, of which 48 millions will be Christmas tree lights. This is exactly 3 times as many as came in when the flood started in 1928. Larger bulbs imported will run to 34 millions as against 19 millions in 1928.

The Christmas tree bulb market is particularly vulnerable because consumers think only of price, do not worry about long service or current consumption. Low wages are a continuing Japanese advantage, running about 80% below American. This year the Japanese have an additional advantage in their depreciated currency—a few American dollars but a lot of bulbs priced in yen.

General Electric has closed its miniature lamp works in Cleveland and Buffalo, has consolidated its Newark miniature factory with a large lamp works.

American makers will sell about 12 million Christmas tree bulbs this year against the Japanese 48 million.

Plunging Yen Threatens To Sink the Salmon Fleet

ON the high seas, nearing New York, is a ship from Hakodate laden with 20,000 cases of canned salmon. It is, say American salmon packers, the biggest shipment of Japanese salmon ever sent to this market, and highly ominous.

Shipments of tuna began just that way, and now the tuna fishing fleet of Southern California is sulking at anchor —licked. The salmon industry does not intend to take the same licking, if it can be averted. So they have been in Washington, demanding governmental intervention.

The Japanese are offering pink salmon in 1 lb. tall cans at $2.40 duty paid, Pacific ports, per case of 48 tins. The domestic pack, just coming on the market, is offered at $3.40. And $3.40 is below cost of production. Fancy red salmon has been sold by the Japanese to Honolulu buyers at $3.57 the case of 96 cans of ½ lb. The domestic salmon price is $8, f.o.b. Pacific ports.

The reason, of course, is the drop in the exchange value of the yen. A year ago, salmon imports from Japan amounted to nothing. The yen was worth 49¢. Today, it is worth about half that. And when a dollar buys more than 4 yen, and each yen buys just about as much raw material and labor in Japan as ever, the Japanese exporter can sell for half his 1931 dollar price without cutting his yen price at all.

Domestic salmon packers want protection from this. They have another angle of attack. They allege misbranding. Most Japanese salmon isn't Japanese at all; it is Russian, packed in Siberia, but marked "Produce of Japan." France, which had given Japan an import allotment of salmon under its quota system, cancelled the whole arrangement when she discovered the salmon really originated in Russia. The salmon packed for France, and rejected thus, probably will come our way.

The salmon industry is entirely an export proposition in Japan; the Japanese have no fondness for canned salmon, themselves.

For Rented Homes and Plants Why Not Rented Equipment?

Industry tries out the idea in a drive for an entirely new market

DEVELOPED in Great Britain, the practice of renting instead of selling domestic electric appliances, and even industrial power equipment, is being introduced here. Rental means just that; it is not a disguised instalment plan.

Pioneers in this country are Hartford (Conn.) Electric Light Co., which has 60 or more electric water heaters out on rental, and Central Maine Power Co., which has rented about 500. A plan to test the scheme with domestic ranges is taking definite form; may soon be announced.

This is, of course, just a step beyond the instalment plan. In one sense, it is a depression-born expedient, a way of overcoming the reluctance of consumers nowadays to make future commitments. In another sense, it is a drive for an entirely new market, and a big one—the vast public that lives in rented homes. Studies by *The Business Week* in its study of the American Consumer Market (*BW—Apr27-Sep7'32*) showed that since 1924 more American families have been living in rented quarters than in their own homes. In 1930, the figures were 15 and 10 millions respectively, a 3:2 ratio. Some appliances some landlords in some neighborhoods will provide, but allowing for this, the market for appliances among renters probably is bigger than among home owners. And the renter is not going to buy a range. He may be glad to rent one.

The great problem involved, obviously, is finance. Shall the utility invest its capital in goods of this sort? Or the manufacturer? Or will the experience of the automobile industry be paralleled through the creation of finance corporations especially for this field? It is easy enough for utilities to finance the early experimental efforts, but if any serious dent in a 15-million family market is to be effected, that will call for financing on a large scale.

Many of the same considerations apply to the industrial market. There is an increasing number of manufacturers operating in rented quarters—as in loft buildings, and structures such as the Bush Terminal, the Starrett Lehigh Terminal, the Merchandise Mart in Chicago. Such manufacturers are as reluctant, and as unable at the moment, to put capital into permanent equipment as the tenant of a house. Many of them are just starting up; to be able to keep a larger fraction of their money for working capital may mean the margin between success and failure.

Even some of the largest industrial establishments during the past year have not been too proud to suggest terms for new equipment that virtually amounted to rental.

Straight rental may involve a higher charge on the month-to-month operating sheet, but it does not involve new financing, does not swell capital on which a return—either interest or dividends—must be earned, does not call for write-offs.

British manufacturers and utilities have faced this situation, and the rental of motors, generators, machinery of all kinds, has developed to an amazing degree.

European experience both in the domestic and industrial fields has been highly satisfactory, by the way.

Acme

TWO BY TWO—*Rubber balls, china ware, tennis rackets, scores of articles all in pairs, one made in America, its twin abroad, with price tags to show the price differential. An anti-dumping exhibit spread out in the office of Senator Smoot, whose tariff wall has been scaled*

Ready-to-Bake Makes Them Readier-to-Buy

SUCCESS of ready-mixed biscuit flours has been considerable. Now various other ready-mixed home baking products are reaching the market.

Gingerbread mix, devil's food mix, and bran muffin mix are offered by P. Duff of Pittsburgh. Duff is a prominent producer of cooking molasses. These new products are intended to boost molasses consumption. The molasses is dried with the flour, baking powder, spices, other ingredients, which, incidentally, is a fairly difficult technical achievement. Prying open the can, the housewife finds a powder. She adds water, stirs, and the cake or muffins are ready for the oven.

Hills Bros., importers and distributors of dates, candied citron, orange peel, and the like, offer a ready-mixed

fruit cake under their Dromedary brand. The mix is packed in a baking tin of exactly the right size and shape. There are simple, explicit instructions for baking. The housewife escapes the assembling of the dozen or so ingredients, the shelling of nuts, all the complexity that makes fruit cake cookery one of the major operations of the kitchen.

Packaged Oil Fits Motor, Stops Substitution

BUGABOO of motor oil merchandising is substitution. Many and elaborate are the steps taken to foil the petty racketeers who charge for good oil but don't deliver it. Some oil companies use non-refillable bottles, or special caps and seals. Newest and simplest in the device of the Canfield Oil Co., introduced in Cleveland.

This company has canned its oil, just as baked beans or tomato juice are canned. The oil is packaged in 1-qt., 5-qt., and 8-qt. containers rather than in the traditional quarts and gallons. The large containers carry a lower per-quart price and provide a one-shot filling for most crankcases, replacing the usual rack of bottles and the gallon measure.

In servicing, the attendant punches 2 holes in the top of the can, pours the oil into the engine, then drops the empty can on the ground and steps on it. The customer gets the oil just as it left the refinery, unchanged and uncontaminated.

Clothiers Can't Do Much About Alteration Charge

WOMEN generally pay for alterations on garments; generally men don't. Retailers in different cities cannot see the justice in this, wonder why men shouldn't pay too. Department stores have tried to get together and inaugurate charges. These attempts have failed because of inability to attain complete cooperation. Chain stores are habitual dissenters.

Meanwhile, stores have asked the National Retail Dry Goods Association to look into alteration costs. It made a survey showing average alteration charge to be 5½% of the cost of men's garments. Reports came from the workrooms of 8 large stores in 7 cities with annual sales of men's clothes totaling $3½ millions. Average cost per alteration ran from 90¢ in one store to $2.76 in another.

You Just Know She Owns Them

CONSOLIDATED LITHOGRAPHIC CO., Brooklyn, developed a machine which stamps a monogram indelibly upon a pair of stockings by the touch of a lever. Mothers and daughters, sisters, roommates in schools apparently hail this as the long-felt need. In 3 weeks, the Intialator Co., Consolidated subsidiary, has sold 145 machines to department stores; will be busy for some time catching up with orders. New York department stores made the monogramming service prominent in their advertising.

Retailers Win Hearing On Kentucky Store Tax

NATIONAL and local retailers operating in Kentucky are to get a new deal in their fight against that state's gross sales tax. The U. S. Supreme Court has ruled that the District Court must hear the appeal it had dismissed.

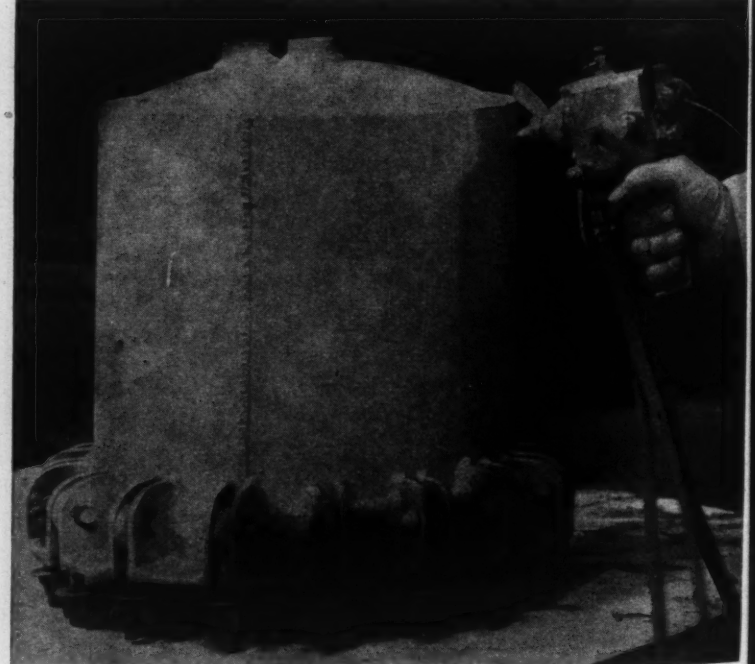
This action again places in jeopardy what is, in effect, a chain tax. The law under fire requires owners of more than 1 store in the state to combine sales of all stores in computing their tax. The beauty of that from the small independent's point of view is that it puts the big fellows high up in a graduated scale of taxation starting at 1/20% on gross sales under $400,000 and running to a maximum of 1% on sales of over $1,000,000 a year.

Department stores joined the chains in their protest that the tax was discriminatory and unconstitutional. The list of appellants included Stewart Dry Goods Co. and Levy Bros. of Louisville along with the J. C. Penney Co. with 21 Kentucky stores and Kroger Grocery & Baking Co., which has 263 in the state.

In ruling on their demand for an injunction, the lower court is now instructed to consider the merchants' assertion that if they paid the taxes under protest and won a later suit the Kentucky Treasury would be found without cash to make a refund.

Burroughs Introduces Motorized Typewriter

BURROUGHS ADDING MACHINE CO. is introducing a motorized typewriter. Keys and type bars are not electrically actuated, but the motor drives the carriage, returns it when a key is pressed.



The Business Week

MOLTEN MIST—*It looks and sounds like a paint sprayer, but this new gun is spraying molten aluminum on a cast iron base to guard against heat corrosion. Any metal can be sprayed on any base in this "metallizing" process which is getting renewed attention in industry (see news item, p. 9)*

The Business Week

CHEAPIES—*The 10¢ cigarette is really the 3¢ cigarette, for these 3 pennies must cover all expenses up to the retailer's shelf, including manufacturer's profit*

spaces the paper to the next writing line, and operates the capital shift.

The motor is out of sight, within the body. Tests are said to show that typists can turn out more work in a day, with less fatigue, than on the ordinary typewriter. Motor drive has been added also to wide-carriage machines used for billing and statistical work.

Molten Metal Spray Has Many Uses

WITH the advent of a new spray gun, the possibilities of the molten metal spray process are expanded. Metallizing itself is comparatively new; originated in Europe, it had several wartime uses. German helmets, sword blades, uniform hardware were sprayed with zinc.

Brought to this country, promotion of the process was handicapped by a licensing arrangement and its uses were limited. The new gun, plus the experience of recent years, opens a new field.

The gun is a combination of the oxy-acetylene torch and the atomizer. It looks like a paint sprayer. It takes a reel of wire, runs it through a flame, and projects a spray of molten metal. Curiously, this spray of metal is not very hot, can be applied to any surface, any material; even delicate lace.

One of the primary uses of metallizing is to prevent corrosion. On the new George Washington Bridge over the Hudson, the galvanized strands of the great cables were joined with a threaded steel ferrule which was then sprayed with zinc, affording better protection than the galvanizing of the wire itself.

Boiler tubes, locomotive fireboxes, grate bars, ovens, are among the diverse things which are being coated with aluminum. Pistons and cylinders in automobile engines sprayed with tin acquire a glassy polish; cooking utensils, now electro-plated with the same metal, may be sprayed. Another primary use is replacement of metal worn away. Tools, shafts, gauge blocks, etc., may be restored to original dimensions.

The list of metals which may be used in the new gun is long. It includes lead, zinc, copper, brass, aluminum, iron, cadmium, bronze, nickel, gold, silver, the new stainless steels.

The velocity of the molten metal assures what engineers call "an intimate bond" with the surface. After application, it will take a polish, stand machining.

In industry and in the arts, metallizing is expected to continue its advances. It can do things which cannot be done any other way. To carry on educational and research work, the International Metallizing Association was formed in Los Angeles.

Shadow of the 10c Cigarette Falls Across the Tax Figures

CIGARETTE manufacturers have come away from an examination of the Internal Revenue Bureau's September record of tobacco stamp sales with faces wreathed in smiles. Not since May, 1931, have the figures shown a cigarette production total so near that of the corresponding month a year back. Makers of the "Big 4" brands and all others in the industry know that the ebb is slackening.

However, it's not all good news to the Big 4 or to any other manufacturer whose cigarettes sell from 15¢ a pack up. Second and third looks at the Bureau's figures have revealed disturbing signs that the uncounted 10¢ invader (*BW—Aug26, Dec30'31, Mar16 '32*) is accounting for an increasing share of the production rise. Some of the smile has been wiped off.

The evidence, obtainable from no factory production figures—since no such figures are published—can be combed from a careful analysis of the stamp tax figures as grouped by states. It shows up in strange shifts in state production ranking. For instance—

Virginia accounted for 19.1% of the Bureau's January–September tobacco stamp sales in 1930. In 1931 one Virginia manufacturer decided to push nationally a 10¢ cigarette already well established in some sections. Another launched a new 10¢ brand. Virginia's tobacco stamp consumption jumped to 21.1% of the total in the first 9 months of last year. For the same period of this year it rose to 22.3%.

Kentucky took 3.7% of the Bureau's output in the first 9 months of 1930, only 3.6% in the same months of '31. Early this year a big Blue Grass manufacturer cut his 15¢ cigarette to 10¢, a Louisville company came out with a new dime package. Kentucky walked away with 8.6% of the Bureau's tobacco stamps for the January–September period of '32, has crowded New Jersey out of third place as a tobacco taxpayer, is steadily increasing its demand for the little green strips, each of which represents 6¢ turned into the government till.

And North Carolina, home of the big 15-centers—Camel, Chesterfield, Lucky Strike—steadily loses caste as a stamp collector. Its 9-month takings have dropped from 57.5% of the Bureau's output in 1930, to 56.5% in 1931, to 51.8% in 1932.

May Change Strategy

Manufacturers not now making 10¢ cigarettes are studying these figures, pondering previous decisions that the dime competitor was a temporary depression phenomenon, wondering how many former customers have been weaned—or inured—to the cheaper smoke. Insiders anticipate reactions among the Big 4, are looking most pointedly at R. J. Reynolds Tobacco Co., speculating on its plans for "Blue Moon" cigarettes—and on their price.

Dealers predict that all manufacturers will eventually put out 10¢ packages, holding their present brands at present price levels, selling them on quality, more "solid" filling.

Other strategies are being studied. Some observers believe the manufacturers may counter the cheap competition by increasing the number of cigarettes per pack, though this raises serious packaging problems. Others forecast new "economy packs" of standard brands—6, 7 or 8 smokes for a nickel.

Sears Continues Drive For Rich Metropolitan Markets

WITH the opening of its million-dollar store in Hackensack, first of 3 in the New York area, Sears, Roebuck goes into high gear in its shift from mail order marketing to store selling.

Thus has a great merchandising machine taken advantage of the very thing which promised to wreck it. The automobile threw a monkey wrench into mail order selling. It brought improved roads, connected up the farms with the towns, turned cross-roads emporia into department stores.

At the same time, it brought traffic. When the tremendous automobile production of pre-depression years choked town and city streets, Sears began to take advantage of the congestion by spotting retail stores, not where the greatest number of pedestrians passed a given point but where there was room to park cars.

1927 Marks Turn

Even aside from the decline in farm buying power, the need of a change was obvious. In 1927, Sears turned its mass marketing talent to retail outlets. By the end of 1928, it had 200 retail stores; 127 were added in 1929, and 19 in 1930. Through the depression years, the 350-unit chain has remained practically intact, with some stores added, unprofitable locations dropped.

These stores are of 3 types: full department stores, displaying almost everything in the catalogue, called class A; smaller editions, class B, carrying only selected items but a fairly wide variety; and class C stores which handle automobile and household accessories, sporting goods, with special emphasis on tires and batteries.

Home-Building Department

There is a fourth type, limited to the territory served by the gigantic Sears, Roebuck lumber yard in Port Newark. This is really not a store, but an office and display room for the home-building and modernization department. This department sells all the materials and contracts for the work in any operation having to do with the home. It installs pumps and water systems in country homes, sells and lays roofs, erects log cabins, garages, and houses. Even antiquing is done by the modernization department: it will contract to turn a mid-Victorian parlor into a knotty-pine-panelled reproduction of an old farmhouse kitchen.

Last spring, Sears began the invasion of the metropolises, opened a store in the Chicago Loop. For the first time, city folks to whom a mail-order catalogue was a vaudeville wisecrack had an opportunity to step in and examine the goods. They did. A million of them in the first 12 days. Gentlemen farmers bought equipment for their country estates, suburbanites bought garden tools, North and South Siders alike bought rugs, blankets, fixtures, curtains—and tombstones.

Encircling New York

Immediately, the company announced extension of its program to the rich New York area. It had, at that time, some 24 stores in New Jersey, 15 of them in the suburban zone; 34 in New York state, of which 18 were in the metropolitan district. Most of these were "C" stores, a few were "B." From all sides, they closed in on the city market.

Last week, the first class A store was opened in Hackensack. Others in the Flatbush section of Brooklyn, in Hudson County, N. J., at Union City will be opened this month. Each is strategically located to serve a large middle-class shopping area. All aim for the automobile trade with policed free parking off the street. Except for large units, business is on a cash and carry basis, the motorists, of course, doing their own carrying as well as providing a splendid market for all the profitable items, useful and useless, they put on their cars.

Significant Figures

In the 40 weeks to Oct. 8 (Sears conducts its business on a 13-month calendar) sales were off 20%. In 1931 $260,067,608. In the same period of 1932, $206,345,043. As evidence of fall improvement, the 4-week period ending Sept. 10 fell off 21.6% in sales from last year, to $19,145,291; the 4 weeks ending Oct. 8 were off only 10.3% from 1931, rising to a total of $24,353,522.

In that last period, mail order sales showed the smallest decrease from the comparable period of 1931 of any period this year. Operations of the retail stores, in the words of the company, "showed a very small decrease."

Since the earliest days of the house, mail order sales have been a certain curiously definite percentage of total farm income. Bearing in mind what has happened to farm income, the beneficent influence of retail store sales on the total sales figures is obvious. Hence the stores.

Chrysler Opens Motor Price War With Plymouth, a 6, at $60 Less

EIGHT years ago, no one outside the automobile business had heard of Walter Chrysler. When his name adorned otherwise white pages in the most expensive popular weekly it was necessary to qualify it with the label "motor car manufacturer." The car thus announced with the most costly business cards ever printed made him famous.

This week when he ambled before a microphone in New York, 75,000 Plymouth dealers and salesmen, uncounted thousands of radio eavesdroppers, were listening in on a continent-wide sales-meeting, first on the air.

"The price of the 4-door Plymouth 6-cylinder sedan," he said, "will be $575, which is $60 less than the 4-cylinder model."

His voice, heard literally around the automotive world, signalled the opening of the fight for the small car market which will be the feature of the coming season.

Present price lineup is as follows:

Standard 4-door 5-passenger sedan	
Ford 4	$540
Ford 8	590
Chevrolet 6	590
Essex Terraplane	550
Plymouth 6	575

Chevrolet is yet to be heard from, but its new model is in the works. Two lines of the 6 are anticipated in the trade; one improved and restyled, one stripped for price action in the bare transportation class.

Chrysler's decision to make Plymouth a 6, bigger and better than the 4, leaves Ford alone in the 4-cylinder class. What that gentleman will do to meet the challenge is much rumored but still uncertain. However, do something he must, for his whole system of "make 'em good and plenty" has passed into

Wide World

REAR ENGINED—*Introduced at the British motor show, the new Trojan carries its motor in a trunk-like enclosure at the rear. At least 2 American companies are working experimentally along the same lines*

history. Ever since the last Model T rolled out of the shops, Ford has been like any other manufacturer, forced by shifting public taste and by hard competition into making frequent model changes.

The automobile has become "fashion merchandise." Modern motor car marketing demands manufacturing flexibility to make quick changes. Ford's great talent has been for the production of a great many cars at a very low price. Whether he can adapt his old hard-hitting tactics to the shifty footwork needed more than ever today is the big unanswered question.

Whether he announces a cheaper-than-anything 4, a new 6, a bigger and better 8 is not half so important as how fast he can retool, how fast he can get into production, how few cars he can make at a price and with a profit.

Outdoor Advertisers Invite Regulation

REGULATION, usually opposed in our individualistic land, is invited by outdoor advertising interests. At its recent convention the Outdoor Advertising Association of America approved a move to induce state legislatures to pass legislation licensing companies, requiring permits for displays. A model statute has been prepared. The details for bringing this measure to the attention of the lawmakers still remain to be worked out.

It is not entirely a desire for a legal bridle that prompted the unusual move. The proposed legislation would be a direct blow at the "sniper" who has attracted unfavorable attention to the billboard interests. After a building is boarded up or a fence erected they are apt to break out miraculously in small posters. This is the handiwork of the furtive sniper. Armed with a paste bucket and a roll of posters he prowls the streets defacing exposed surfaces, dodging cops, leaving a trail of enraged property owners.

Harsh Irritants

Organized outdoor advertising companies blame much of the demand for discriminatory measures and taxation upon the resentment against the sniper. It is believed that the irritant would be removed by the proposed licenses. The association's plan would require every company or individual engaged in the business to pay the state an annual license of $25. (This would be easy for the big company, difficult for the individual sniper.) A yearly permit would be required for every sign or structure, a number on the face attesting the authorization. For each structure the cost would be 50¢, for each sign, 25¢. Restrictions would be placed on the location of billboards.

While welcoming this form of legislation, the association thinks the levies should be sufficient only to pay for the law's enforcement. It will vigorously combat attempts at heavier taxation. (The question remains as to whether legislatures would accept the mild fees proposed, once they set their minds to enacting the law.) In addition to suggesting state regulation, the association pledges support to a severe new code of standards.

Rail Surcharge Pool Is Likely to Be Continued

RAILROAD executives will soon decide whether the emergency freight rate surcharges granted by the I.C.C. last year (*BW—Oct24'31*) shall be continued in effect beyond the Mar. 31 expiration date. One faction will contend that the plan should be abandoned; another, that the surcharges should stand but that the individual roads be allowed to pocket what they collect. A probable majority will decide that continuation of the surcharges and distribution of the pooled revenue as loans to ailing roads is even more essential as a measure of emergency relief than when the "marshaling plan" was devised last December.

For 100 roads earning their fixed charges at that time, there are now 100 that will fall short of the mark. Estimated at $700 millions, fixed charges are increasing slightly due to the accumulation of floating debt, and the deficit for Class I roads as a whole will exceed $200 millions.

Roads irked by the emergency rate increases are those that have cut basic rates from under the surcharges and now, in practical effect, have to pay the surcharges out of their own pocket. They will argue (1) that the surcharges have diverted more traffic to trucks, or (2) that the slight increase in traffic that has out-run the seasonal peak by several weeks warrants removal of the emergency increases. But a 10% gain in traffic next year would still show the

railroads, collectively, far shy of meeting their fixed charges, to say nothing of the heavy maturities that confront them in 1933. The argument for roads that would continue the surcharges in order to pocket them is that, with so many carriers now running at a deficit, there is no particular point in pooling and distributing this revenue as loans.

Original Purpose Forgotten

However, the roads that would pocket the surcharge collections ignore the fundamental purpose of the plan. This was not contrived in the interest of the roads that to Oct. 1 obtained loans of $32 millions from the Railroad Credit Corp. but as a means of protecting the railroads as a whole from the demoralizing consequences to all of the bankruptcy of any one major system. Disappointing because its resources have been so sharply curtailed by the decline in traffic, the loan pool remains, with the rail wage deduction and the assistance rendered by the Reconstruction Finance Corp., as an integral part of the structure of temporary relief.

Unless the surcharges are extended, $75 millions is the most that the Railroad Credit Corp. will have had to distribute and, under the present agreement, no loans may be made after May 31. But if the railroads and the I.C.C., whose authorization is necessary, agree to extend the plan, the revenues will increase with any gain in traffic and either the Credit Corp. or an auxiliary organization of the same personnel will continue to distribute the fund where it is most needed.

Rail Passes Are Swept Away on Economy Wave

THE Interstate Commerce Act restricted the issuance of railroad passes, to the great satisfaction of carrier executives. Clamor for free rides had become a nuisance which the roads were glad to curtail. On Jan. 1 practically all the Eastern lines will narrow the privilege still further. Thereafter passes will be available only to persons regularly on the railroad's payroll and their dependents. The clergy and charity workers who have generally enjoyed free rides will, after the new year, be accorded passes only at the discretion of the separate lines.

The move is a result of the rail executives' promise to stop all leaks. Western and Southeastern lines are expected to follow suit. Directors and officials not active in the management will get passes from their own lines, but not courtesy passes from unaffiliated carriers.

Multitudinous directors and officers of short lines, terminal roads, ship companies, barge lines, etc., have enjoyed the pass privilege. The real reason was that many of these concerns were controlled by large industrial corporations with heavy freight tonnages to ship, and no single carrier dared withdraw the courtesy. Hereafter these privileged persons will pay like any other passenger when they are traveling in Eastern territory.

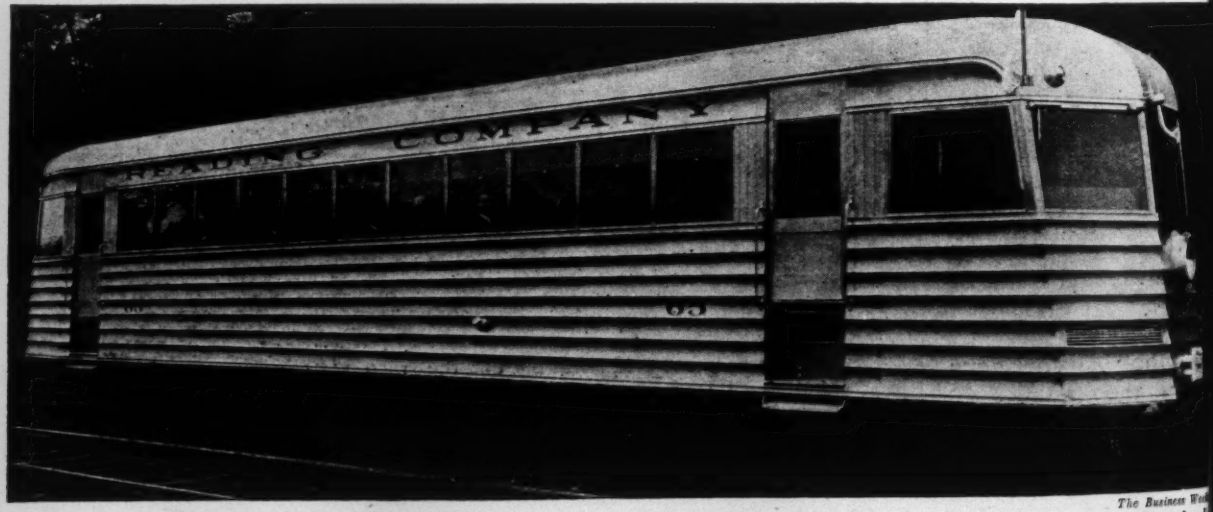
Another free service to be lost by short line officials is the switching of private cars to other systems. Payment must be made under the new rules. Private cars of working executives on main lines still will be switched free of charge.

I.C.C. Berates Roads On Terminal Rivalry

THE race of several Eastern railroads to build expensive terminals in the scramble for produce traffic has earned them a sharp rebuke from the Interstate Commerce Commission. Warned by the commission several months ago that facts disclosed by its investigation would be made public unless challenged, the roads replied, in effect, that the commission might just as well vent its spleen, as in their opinion conditions do not warrant the heavy expense entailed by defending themselves in a formal proceeding.

After describing terminal wars between Erie–Nickel Plate and the New York Central at Buffalo, the B.&O.-Reading and the Pennsylvania at Philadelphia and between the Michigan Central and other roads at Detroit, the I.C.C. refers hopefully but significantly to the pledge made by the railroads in its statement "To the American Public" last July "to avoid all preventable wastes in the competitive relationship between themselves."

The commission's objective is, of course, to induce the railroads to unify produce terminal operations and its inquiry at Buffalo disclosed that some

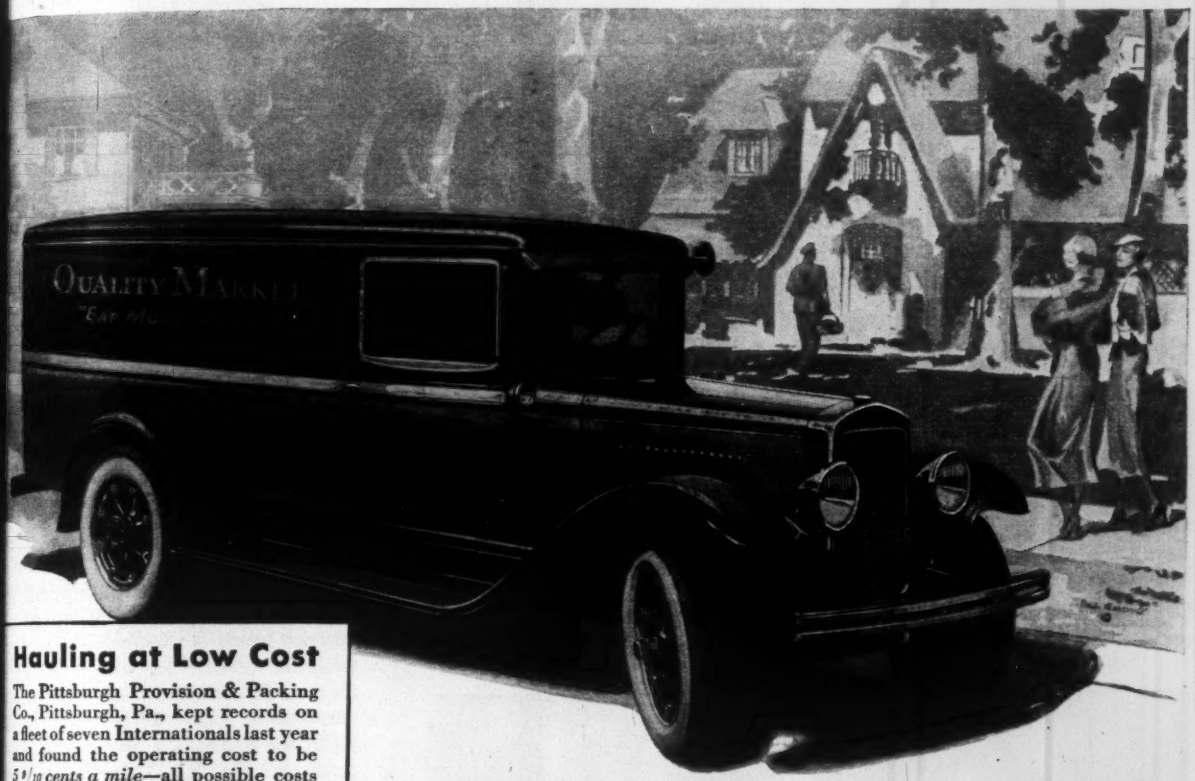


The Business Week

BRANCH LINE SOLUTION?—*Many railroaders think this light, speedy, rubber-tired rail car is the answer to short-haul operations. This is the first Budd production car, shot-welded of stainless steel, Diesel-electric driven. It was built for the Reading's suburban service between Trenton and Trenton Junction, N. J. It seats 47 passengers, can pay expenses with 6 at 3¢ a mile. Like a street car, it can negotiate short curves, be driven from either end. Pneumatic tires make possible lighter construction, give greater riding comfort, reduce noise*

Meat.. THE UNIVERSAL FOOD

International Trucks Serve the Public Through Serving the Meat Industry



Hauling at Low Cost

The Pittsburgh Provision & Packing Co., Pittsburgh, Pa., kept records on a fleet of seven Internationals last year and found the operating cost to be 5 9/10 cents *a mile*—all possible costs except drivers' wages included. Most of the trucks had traveled between 30,000 and 40,000 miles before the analysis was made. Complete details on request.

Most of the trucks in the Pittsburgh Provision & Packing Co. fleet are International A-2's. The model A-2 now sells for

$615

for 136-inch wheelbase chassis f. o. b. factory (taxes extra)

Other International sizes ½-ton to 7½-ton. Ask for demonstration. Call a branch or dealer, or write us.

INTERNATIONAL

THE mind is staggered by the facts and figures that sum up the vastness of the meat industry. The world awaits breathlessly, as well it may, for signs of improvement to come into the price levels of the hog and cattle markets. For here is a basic commodity that means prosperity to Agriculture★ and to Industry.

MEAT—giant among food industries—competes with the automotive industry for first place. An average of 115 million head of livestock are produced each year to provide the larders of the land with health and energy-building meats. Seventeen billion pounds of meat are marketed annually with a total value reaching to $3,500,000,000.★★

A wonderful industry—a demanding industry for truck service—a popular field for Internationals! In every branch of this industry, so closely linked with Agriculture, there is a preference for International transportation. From farms to great central markets, ★★★ from packing houses to wholesalers, retailers, and thence to *you*, meat products go economically in International Trucks.

International Harvester is proud of the reputation established by many thousands of International Trucks serving the public through serving the meat industry.

These trucks do as good a job in every line of business—and at the same low costs. If you have loads to haul, find out what International Trucks can do for you.

INTERNATIONAL HARVESTER COMPANY
OF AMERICA (INCORPORATED)
606 S. Michigan Ave. Chicago, Illinois

★Livestock and livestock products provide over 50 per cent of the total annual income of the American farmer.

★★Official figure for 1930, latest available. This valuation was exceeded only once, in 1919, under wartime conditions.

★★★In the 16 major markets during 1931 the *trucked* receipts equalled over 302,000 cars of livestock.

INTERNATIONAL TRUCKS

railroad officials at least were willing to consider ways and means. But, said the commission, they must have the support of public opinion because they have not been solely responsible for the extravagant wastes that have occurred. There was pertinent reference to the club brandished by shippers controlling a large volume of traffic.

The indictment was issued amid violent disagreement on tactics. Commissioner Hugh M. Tate insisted that the commission transcended its authority in using the public prints to influence public opinion by a report that otherwise arrives nowhere. It's not the commission's duty, according to this member, to act as keeper of the King's conscience, but to submit its recommendations to Congress. To which Commissioner Frank McManamy replied that the acts disclosed are repugnant to good consciences and should be so even to the King's, that authority to inquire into the management of common carriers was not vested in the commission with the idea that the information obtained must not be given publicity because of the effect it might have upon public opinion.

Investment Bankers Survey Bond Record, Find Silver Lining

Commercial bankers, too, discover that 10,000 bank failures had their good side

EXTRAORDINARY ability of bankers as comfort-extractors and silver-lining detectors was demonstrated last week by the two leading national organizations in that field. In annual convention assembled at White Sulphur, the Investment Bankers' Association, representing those who used to marshal the millions of idle money needed by American and foreign industry and distribute the securities demanded by eager American investors, held an autopsy on the bond market, discussed such clinical conditions as defaults, and pronounced the patient not quite dead but resurrection indefinitely postponed. Allen M. Pope, retiring president, summed up the situation.

Wide World

WHEELBARROW BALLOON—*Goodrich has developed a doughnut tire for the humble wheelbarrow which makes pushing easier in mud and sand*

In spite of all the calamities that have overtaken the world, of which he listed several that election orators have missed, the record of bond defaults is not so bad considering all the money that might have been lost in this way.

Foreign Bond Statistics

To start with the worst chapter, he asked us to consider the $7½ billions of foreign dollar bonds outstanding. Only 19.4% of this amount is in default and 80% of these defaulted foreign bonds are Latin-American, anyway. Nor, he assured, should all of this money be counted lost. Some may eventually be recovered.

Domestic real estate bonds stand considerably above foreign bonds so far as the proportion of investment still left intact is concerned. Of about $6 billions of real estate issues outstanding only 14% are in default. These issues include only those of more than half a million dollars, and if the smaller ones about which little is known (by the I.B.A.) were included Mr. Pope guessed the percentage of default would be considerably higher.

Outside these regions of extreme devastation, the default damage wrought by the depression dwindles rapidly. Only 7.2% of the $10½ billions of industrial bonds are temporarily incapacitated in meeting interest or principal. Of the $16.6 billions of utility bonds outstanding only 5.4% went blank. Railroads—strange as it might seem except for the R.F.C.—make a better showing, with only 3.5% of the $12 billions of bonds so far in default. Even among the municipals, undistinguished as they are in the list, Mr. Pope counted 1.8% in default out of $18 billions outstanding, and said that there are actually eleven states in which there are so far no defaults in municipal securities. Here again only communities of over 30,000 population are included, and only the purchasers of their securities know about the rest.

They Cried for It

This situation, it was explained at the meeting, was due mainly to the fact that the investment banker has been overworked ever since the war supplying securities to clamoring investors like Castoria to children. This led, the I.B.A. thinks, to what it calls "inappropriate and inapplicable methods of distributing bonds."

As regards the sale of foreign securities especially he asked us to reflect upon the comforting fact that if all this capital had not been sent abroad, and

rticularly if the foreign capital which owed into the American money market uring the boom period had not been rned back into foreign countries, we ight have had a serious inflation fol-wed inevitably by collapse in this untry. If you say that we did, the swer is that we would have had it oner. Of the investment banker it ay be said, then, that he kept us out worse.

To Be Needed Again

In spite of all the defects of the in-stment banking machinery the I.B.A. els that the country should not rush shly into ill-considered schemes of gulation. There are better times com-g and the investment banker will be eded again.

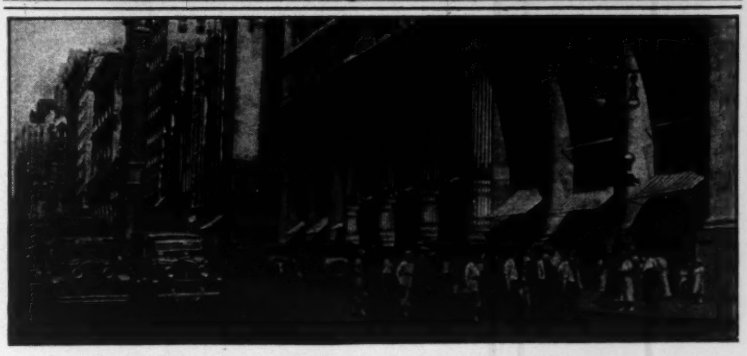
At the same time the I.B.A. members oked forward to rapidly increasing emands for funds from federal and cal governments, but little new indus-ial financing for a long time. They eclared that attempts at direct distribu-on of securities by business concerns d proven a failure, and that future nancing both of government and busi-ss would depend very largely upon e investment banking machinery.

Just Healthy Purging

The other silver lining of the week as seen in the cloud of bank failures the Economic Policy Commission of e American Bankers' Association. It oted that 10,000 of the 30,000 banks this country had been eliminated uring the past eleven years, and found was good. The elimination of "un-onomic units" by suspension, mergers, d voluntary liquidation has strength-ned the banking structure more than y of the plans for banking reform uld have done. Many of these banks ould never have been born, and their eath should not be regretted, even ough depositors may feel bad about The ones that are left, including l the members of the A.B.A., are the tter off for it.

In 1921 the average bank had only 500 customers; today 6,000. Then e average bank had capital funds of ly $205,000 and deposits of $1,250,-00, while today the average capital of e proud survivors in $420,000 and eposits $2,500,000. The depression as been a stiff test, and about a quarter the survivors are being nursed along the R.F.C.; but it was worth while a demonstration of the inherent rength of our independent banking stem, which the Economic Policy Com-ission insists should never be weak-ned by unification under the Federal eserve.

The march of
RETAIL TRADE



In 1799, Wall Street was New York's fashionable retail section. Today Fifth Avenue is one of the world's great shopping centers. In 1799, a director of The Manhattan Company —William Edgar—conducted a mercantile business at No. 7 Wall Street. Today some of the directors of this Company are directors in great Fifth Avenue stores.

The march of business in America—retail, wholesale, industrial—covers only a little more time than does the history of our parent Company.

In the case of a bank, such history is not mere "background." A long history indicates stability.

For more than a hundred years the directorate of The Manhattan Company has been identified with the basic industries of New York and the nation. Today the directors and officers of the Bank of Manhattan Trust Company stand ready to apply this accumulated experience to the needs of forward-looking businesses.

BANK OF MANHATTAN
TRUST COMPANY

Capital, Surplus and Undivided Profits over $56,000,000

A UNIT OF THE MANHATTAN COMPANY

MAIN OFFICE: 40 WALL STREET, NEW YORK, N. Y.

Fishing Is Getting Better; Now For a Cold, Windy Winter!

Better prices for pork and eggs also would help, so will the industry's better distribution

FISHING is getting better. Perhaps not the kind of fishing that involves an Abercrombie & Fitch outfit, a guide, and membership in a swell club. But the kind of fishing that supplies 5 billion lb. of food annually to 135 million people on this continent—27 lb. apiece for every man, woman, and child.

The fish industry, which has been taking a beating since 1927 or '28, is beginning to sit up and take a little notice. It isn't out of the woods, or the fog, or whatever is the fitting metaphor for fisheries, but it sees hope ahead. It is mere irony that Booth Fisheries Co., long a big factor in the field, should go into bankruptcy just at this time; it is not the sign of a trend. Other corporations which have turned fishing from a little, individualized operation on the plane of the old handicrafts to a big business, with all its apparatus of boards of directors, heavy machinery, and national distribution, are more hopeful at the moment than they have been for some years. The 3 biggest operators are Atlantic Coast Fisheries, Bay State Fisheries of Boston, and Gorton Pew of Gloucester.

The Fishermen's Prayers

The fish industry hopes for 4 things. One is business recovery, increased buying power and employment among consumers, but that is a general petition. Its peculiar and individual prayers are for a cold, blizzardy winter, better prices for pork, better prices for eggs.

Weather is important on two counts. In wishing for storms, the big operator is selfish; his steam trawlers can stay out and fish in all seas and gales; the little fellows have to stay ashore. But all fishermen want cold winters, whether or not they pray for gales. During warm spells in winter, people eat less fish, also less meat, for that matter. The effect of a warm winter is disastrous to sales, and there have been 5 fairly mild winters, with last winter breaking all records for warmth.

The fish industry's interest in the price of pork is not due to sympathy for the Iowa hog raiser. Pork is the cheapest of meats, that is all, and when it is cheap enough, the poor buy it instead of fish. So with eggs; eggs compete with fish on the Friday menu of Catholics.

It may astonish the mere angler to learn that the big fishermen knew to a certainty that the fishing would be better this fall. They weren't guessing at all. The cycle is simple enough, when explained. Take the haddock, mainstay of the fish business on the Atlantic coast. The haddock spawns in 40 fathoms, but the eggs rise to the surface. There they stay for 6 to 16 days, according to the temperature. If the water is cold, the eggs are exposed to the hazards of being eaten by herring and other surface feeders for 10 days longer than if the water is warm. The longer the exposure, the smaller that year's hatch of haddock. Every few years (of course in no definite rhythm), these and other conditions are unusually favorable.

They Saw Them Coming

Evidently, a favorable season occurred about 5 years ago. Two years ago, expert observers sent out with the big trawlers saw countless millions of small haddock, too small to be caught in the nets. Last year, thousands of pounds of them were caught, just big enough to stick in the trawls, not big enough for the standard market. It was certain this winter they would be good size—and the production already is justifying the prediction.

After the worst fishing in history during the seasons since 1928, the trawlers are coming in this month heavy-laden with marketable fish.

There are 8 important market fish. Greatest of these is the cod, of which 1 billion lb. a year are caught in North American waters. The others: salmon, 900 million; pilchard, 400 million; haddock, 325 million; herring, 250 million; flounders, 80 million; halibut, 70 million; mackerel, eastern, 60 million.

Cod vs. Haddock

Cod are mostly dried, salted, and exported. Most salmon find their way into cans. Pilchard are sardines. The haddock, then, is our great market fish. Haddock and cod look different, but no expert can tell one from the other by flavor.

Fish marketing, it is important to note, is undergoing a revolution. In the old days, 100 lb. of fish were packed in a 25-lb. barrel with 100 lb. of ice and shipped at the highest perishable express rate to inland markets. Of any commercial fish, perhaps 40% is edible. On 40 lb. of food, then, the fish industry paid express rates for 225 lb.

Nowadays, the big operators make the fish into fillets, discarding all the bone and inedible parts. These fillets are shipped in containers which are surrounded by ice. The saving in transportation cost, the gain in attractiveness and in convenience to the housewife are obvious.

Quick Freezing

But fresh fillets cannot be shipped too far from seaboard. It is the quick-freezing process which really is teaching the Middle Westerner to eat seafood. The fillets can be frozen hard as brick as soon as the fish are landed, and in silica-gel or diesel refrigerator cars can be shipped anywhere in the United States at carload freight rates. On 40 lb. of edible portion, shipping weight is about 45 lb.

Atlantic Coast Fisheries, biggest operator in the East, with 16 trawlers out of the Atlantic's total fleet of 69, has carried the process a step further. With machines of incredible ingenuity, it forms the fillets into solid rolls of fish in. diameter and slices the rolls to form round cakes ¾ in. thick. Quick frozen, packed two by two in cellophane and cardboard, these fish steaks are handy merchandise for any grocery and any shopper.

The plan was developed and the machinery designed by Harden F. Taylor, chemist, sometime chief technologist U. S. Bureau of Fisheries, who joined Atlantic as research chemist and became president in 1930.

Ye Olde Fish Shoppe

The change in retailing, then, is as revolutionary as in wholesale production. No landlord used to want a fish market on his premises; the fish market was apt to be on a back street or down an alley. The shopper had to make up her mind in advance that she wanted fish, and make a special trip to get it. Nowadays, fish, either quick-frozen or fresh, is sold in the same stores with other foods, either meats or groceries. The chains have made a real drive on packaged fish, and fresh fillets.

This, say fish producers, is highly promising. When and as business in general picks up, they expect to see the consumption of fish increase sharply.

Incidentally, big trawlers just laugh at the notion that the ocean will ever

"fished out." Extermination of the important commercial species, they say, unthinkable. The ocean is so big, and trawlers, even in the aggregate, make so little a dent in the fish population.

Cruel Economic Laws

And as to overfishing, the stern and cruel laws of economics take care of that. If there is too much fishing, and too many fish break the market, it becomes unprofitable to fish, and trawlers are tied up—as they have been all summer, and as most of them still are. If there could be such a thing as fishing out the banks, fish would become so scarce, the hauls so small that the cost per ton of getting them would become prohibitively high. It was poor prices which kept trawlers tied up this past summer. In 1931, it was both small hauls and low prices. Of Atlantic Coast fisheries' 16 trawlers, 7 are in service, and they did not start out until the middle of September.

Average yearly prices of cod and haddock at New England ports have been: 1928, $.034; '29, $.038; '30, $.035; '31, $.032; first 6 months 1932, $.024.

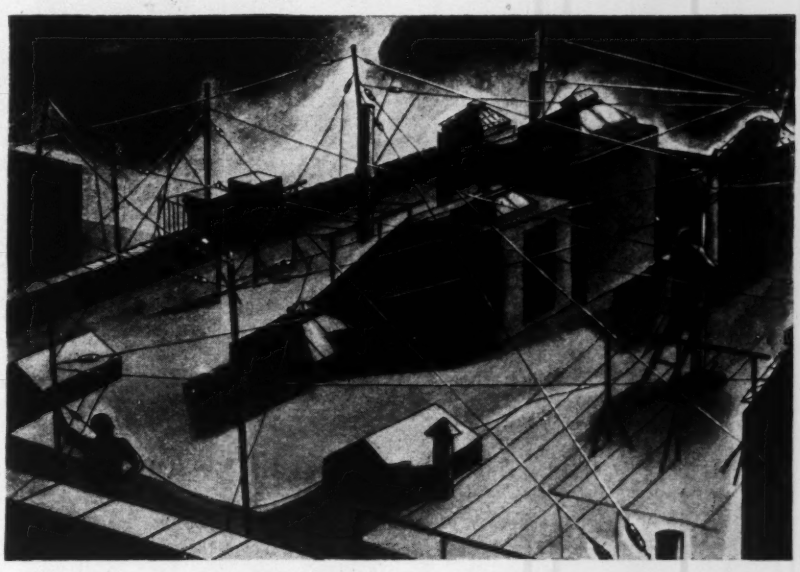
In Europe, as in the North Sea, economic equilibrium has been established for a long time, since these are among the oldest of fisheries. Trawlers, of course, tied up during the war and fishing diminished. It spurted after the war. But it quickly settled back to the long-established level. Old as these fisheries are, they yield about as many fish as ever.

Queer Fish Tastes

Speaking of Europe, there is a lively and strange international traffic in fish. Certain populations, clinging often to ancestral habits, spurn the local sea food and must have something from far away. Tons and tons of live eels—300 tons to be more precise—are towed in live barges from the St. Lawrence to Brooklyn in September, kept there until the holidays, and then sold at Christmas time through Fulton fish market to Italians. Eel to them is a traditional Christmas dish. Live eels likewise are transported from the St. Lawrence to be bought by housewives in Holland and Germany.

England eats Alaskan salmon. We ship shrimp to Japan, squid to Buenos Aires and China, and we import octopi from the Mediterranean for the Italian trade in New York City. Boston unsuspectingly ate Japanese swordfish last season; a fair exchange, American shrimp to Yokohama, Japanese swordfish to Boston. Coals to Newcastle in both cases.

America comes out of the ROOF-TOP JUNGLE!



Up-to-date apartment house owners are showing the way out. They are using a new Western Electric product—the Radio Frequency Distribution System. As a result tenants are getting improved reception and a new kind of service. ¶ With this apparatus, every set owner has his own lead-in to one central antenna. He gets any station any time without cross-talk or other interference. No longer need he put up his own outside aerial or be satisfied with inferior results from an indoor antenna. ¶ The equipment serves hotels and other types of multi-family building, as well as apartments. And Western Electric's experience of 50 years in manufacturing telephones for the Bell System counts heavily in the making of such related equipment as the Radio Frequency Distribution System. Get further details of this new development from its distributors, Graybar Electric Company, Graybar Bldg., New York, N. Y.

Western Electric

LEADERS IN SOUND TRANSMISSION APPARATUS

It's time to stop b

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Radio Retailing	Electrical World
Food Industries	Electrical Merchandising
Chemical&Metallurgical Engineering	Electrical West
	Electronics

p boasting *about that old suit*

Too many men who ought to know better are proudly telling how long they've worn the same old suit.

Too many men who could well afford to do better are boasting about the age of the automobile they drive.

It seems to be smart to be stingy.

But the same men are the first to protest when their prospective customers say "No" today. It's a case of the pot calling the kettle black.

Whether he makes machinery or match boxes, men's suits or motor cars, the business man today must concern *himself* with buying if he is successfully to concern himself with selling. If there's a reason for someone to buy from him there's a reason for him to buy from someone else. It's easy for a customer to ponder your own buying habits and say "me, too." Fact of the matter is that's what the whole world's been doing for the last two years.

There are indications that the procedure is at last getting into forward gear. In all walks of business people are taking advantage of low prices and are stocking up. Rock bottom levels are consequently being left behind. We seem to be approaching an era of advancing prices when things will have to be sold harder and at better prices.

So let's throw away our old suits. Let's throw away our old policy of patient but painful waiting. Let's buy some new clothes, new automobiles, new policies—yes, and even some new advertising, and begin to look normal again.

Your own salesmen as well as your customers would welcome the sight of your name in the advertising pages of McGraw-Hill publications. And so would your order books.

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Management Methods

Canadian Competition Helps Explain New Lows for Wheat

World supply no larger but it comes from the wrong places to help our exports

GRAIN prices dropped last week to the lowest levels in the records of trading in the Chicago wheat pit, which go back to 1862. December wheat at 42⅞¢, corn at 24¢, oats at 15¼¢, rye at 26¼¢ stirred up lots of antiquarian interest, along with the political variety, and prompted much searching of dusty archives for comparable quotations. Conclusions were conflicting and not very comforting to farmers anyway. It seems that wheat sold in Chicago in July, 1852, as low as 34¢ and once upon a time brought as little as 9¢ in England—in 1287; so no records are broken, though the hearts of many farmers are. These wheat prices at Chicago mean 38½¢ at Kansas City and 20¢ to 25¢ on the farm.

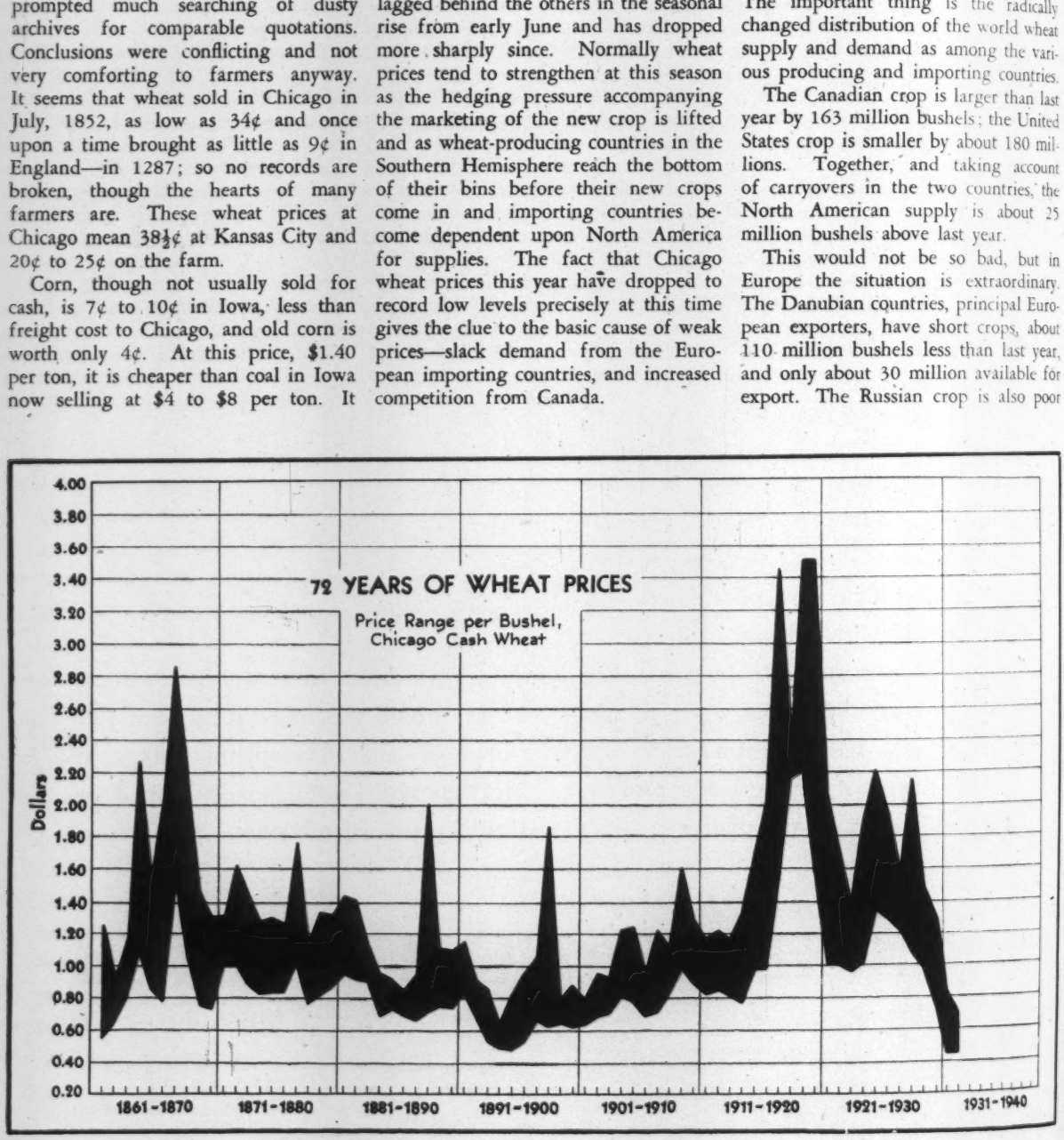
Corn, though not usually sold for cash, is 7¢ to 10¢ in Iowa, less than freight cost to Chicago, and old corn is worth only 4¢. At this price, $1.40 per ton, it is cheaper than coal in Iowa now selling at $4 to $8 per ton. It can be put into hogs profitably at 1¢ a pound when they are still bringing around 2½¢ on the farm, but the prospect of a big pig crop is already forcing hog prices down.

Commodity prices generally have lost most of their summer gain, but wheat lagged behind the others in the seasonal rise from early June and has dropped more sharply since. Normally wheat prices tend to strengthen at this season as the hedging pressure accompanying the marketing of the new crop is lifted and as wheat-producing countries in the Southern Hemisphere reach the bottom of their bins before their new crops come in and importing countries become dependent upon North America for supplies. The fact that Chicago wheat prices this year have dropped to record low levels precisely at this time gives the clue to the basic cause of weak prices—slack demand from the European importing countries, and increased competition from Canada.

There are many elements in the situation, but they all center in the single simple fact that buyers of wheat, other grains, and of animal products fed on grains, do not need to, do not want to, or are not able to purchase as much of them from this country now as they were in earlier years. The total world supply of wheat, crop and carryover, this year, from last July 1 to next, will not be larger than last year, and if anything a bit smaller. Total world consumption may be somewhat less because of the depression and depleted purchasing power, but not enough as a whole to account for the specially sharp decline of wheat prices in this country. The important thing is the radically changed distribution of the world wheat supply and demand as among the various producing and importing countries.

The Canadian crop is larger than last year by 163 million bushels; the United States crop is smaller by about 180 millions. Together, and taking account of carryovers in the two countries, the North American supply is about 25 million bushels above last year.

This would not be so bad, but in Europe the situation is extraordinary. The Danubian countries, principal European exporters, have short crops, about 110 million bushels less than last year, and only about 30 million available for export. The Russian crop is also poor



end little wheat has been or will be exported. On the other hand, almost all the countries of Europe which normally import wheat have abundant crops. Record production is reported in Germany, Italy, and Spain. Yields in France were unusually large, and in some of these countries exports may actually be possible. At any rate import requirements will at best be small, and almost insurmountable tariffs and milling restrictions will curtail the market and enforce the keenest price competition on sellers. China has had a poor crop and would need lots of wheat, but can't buy it.

The Prompt Sellers

Argentina and Australia have relatively small supplies still for sale, having disposed of their last crops to European buyers earlier in the year at low prices in stiff competition with Canada and the United States. Their new crops will not come in till December and January. They will probably be not much larger than last year in the aggregate, but they are again likely to be sold promptly at low prices, with the added advantage of depreciated exchanges.

Until these new Southern Hemisphere crops come in, competition for what business there is in Europe lies between Canada and the United States. Here the advantages have been mainly on the other side of the border. On last year's crop Canadian farmers received a bonus of 5¢ per bushel, and the market has been supported till recently by government loans to co-operatives. Even so, Winnipeg prices have been more nearly in line with Liverpool than Chicago prices, and Canada has also had the advantage of exchange depreciation.

Canada's Advantage

Since the Ottawa conference Canadian wheat has had a 6¢ preference in Britain, and in the past two weeks the Canadian government pulled the peg, abandoned support of wheat prices, abolished the bonus, and determined to sell what wheat she could in Europe before Argentine and Australian competition came into the picture. On top of that came the collapse of sterling which put American exporters under a further handicap in trying to sell importing countries of Europe off gold.

United States wheat prices have been held above Liverpool parity for more than two years and our exports have steadily declined from 200 million bushels in 1926-27 to half as much last year. So far this season they have been a bare quarter of those last year, which was one of the worst on record. In

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face of the situation described it was inevitable that Chicago prices should give way and readjust themselves more nearly to an export basis, if we are going to export any wheat at all in the remainder of this year. With more than half of the world's wheat carryover in this country it has become urgent that we do so.

Last week's break did something to bring United States prices more nearly into line with Liverpool. In the past 2 years they have been as high as 15¢ above. Normally they should be about 15¢ below to allow for transportation costs, etc. With lower shipping rates and other charges it is estimated that the right differential now is somewhere between 9¢ and 12¢. At the lows of last week Chicago was nearly 8¢ under Liverpool, showing that we are getting warmer and may yet sell some wheat. But the outlook for higher wheat prices in this country, barring general revival of world demand due to a widespread business recovery not yet in sight, or special measures to protect the domestic price, is not so good.

Recovery Program Trudges On, A Little Delayed by Election

Banking and Industrial Committees seem less embarrassed by political emergencies than the R.F.C.

FIRST progress report from Henry M. Robinson, chairman of the Central Banking and Industrial Committee, emphasizes the steady spread of activities of the B.&I. committees in each Federal Reserve District; but R.F.C. activity seems slowed up under pre-election embarrassments.

The district B.&I. committees have been enlarged, subdivided to deal with special problems, and in some cases further subdivided to make work more effective locally. Accomplishments are difficult to record in statistical terms. Work is mainly by direct contact and consultation by committee members. Lines of activity specially stressed by Mr. Robinson are 4: (1) assisting in distress mortgage situations; (2) investigation of credit requirements of small businesses; (3) promotion of rehabilitation of industrial and business facilities; (4) spreadwork.

Handling Mortgages

In dealing with the mortgage problem, no general national method is being used; in fact, one purpose of the effort is to hold off pressure for anything of the sort. Mortgage advisory committees are set up in each district according to local needs, for both home and farm mortgage situations. To these home owners or farmers come, and the committee in turn steers the applicant to some other agency, if any, intended to take care of him. These committees have been specially useful in lessening the pressure of mortgage foreclosures prior to establishment of the Home Loan Banks.

Investigation of the extent to which the credit needs of small business concerns are being met, as made by a committee headed by Owen D. Young, showed (*BW—Oct5'32*) a relatively small percentage reporting credit difficulties, except in areas where bank closings were numerous. Small concerns are the chief sufferers, and the main need is not for commercial credit but for new capital. The committee is trying to think of some way to make capital or intermediate term credit more readily available to such concerns.

An Army at Work

The industrial rehabilitation drive is now elaborately organized. As A. W. Robertson, chairman, said in his report to Mr. Robinson, "We now have in every Federal Reserve District chairmen, vice-chairmen, sub-chairmen, and assistants or contact men who are covering or who will soon cover every industrial center. Actually thousands of men are engaged in this work at the present time, although some of the districts are not fully organized."

Estimates of the amount of industrial expenditures on modernization of facilities so far released are still fragmentary, but the list includes an appropriation of $20 millions by the S.O. N.J., $35 millions by A.T.&T., $1,250,000 by the Great Southern Lumber Co., and an assemblage of smaller projects in the St. Louis district amounting to $300,000.

The spread-work campaign headed by W. C. Teagle goes on, not merrily, but persistently. Last week brought the first public opposition in the form of an attack on the movement by A. F. Whitney, brotherhood of trainmen head, who emphasized the view that the movement tended to "spread poverty" by maintaining total purchasing power at present low point, reducing living standards and wages below subsistence levels in occupations where working time and rates are already reduced. Mr. Teagle countered this attack with the charge that railroad workers are complaining that highly paid conductors and engineers were hogging all the working time available on the roads.

Election Worries

Tempo of R.F.C. activity, never very presto anyway, seems to have been further reduced in recent weeks by a tendency of its officials to worry about the effect of this or that action in relation to election. This is specially true of construction loans, of which only [illegible] for projects involving $10 millions have been approved in the past 2 weeks, bringing the total to date to $134 millions. The first housing project is included among those—a small one on new land and requiring no slum clearance effort.

Local legal difficulties and grou[illegible] opposition in some cases account for the delay.

In New York the present city administration is opposing an R.F.C. loan for the Hudson vehicular tunnel project proposed by the Port Authority, although the latter has full power to proceed with it as soon as funds are obtained. The Southern California water supply project is involved in legal snarls.

It is now clear that few men will be put to work this winter under the provisions of the Emergency Construction and Relief Act, and the ineffectiveness of their administration is drawing widespread criticism, with suggestions that there will be changes in the Corporation's personnel after election.

Here Are Real Jobs

R.F.C. loans to railroads for equipment repair and way maintenance really make work, however. The New York Central last week finally came to the table with a request for $2½ millions. This brings the total of such loans to $8,700,000, and men are actually getting the money in the railroad shops. Reduction of rail prices has so far brought forth relatively few rail orders, but the last 6 weeks of the year are the normal period for placing such orders, and it is expected that the R.F.C. will be called upon for funds for this purpose as soon as election is over.

All projects for financing exports of

agricultural or other products will apparently be put aside for the present. Even the proposed China wheat sale has gone by the board because no private sponsor can be found, and Canada is angling for the business.

The twelfth and last of the series of agricultural credit corporations for which the R.F.C. is providing the capital was set up last week, and they are all busy loaning money to farmers to raise more livestock and crops. The R.F.C. itself is becoming shy about making any direct production loans, for seed and feed, because the law requires that such loans be fully secured, and it looks more and more difficult to do that with farm prices the way they are going.

Winter Drivers Want Radios in Their Cars

RAPIDLY growing demand for automobile-radio sets is the bright spot of the radio business. Every indication now points to a continuance of orders which will extend well into the winter months. Conservative estimates from the prominent suppliers of this equipment now place total sales, in units, for 1932 close to 200,000 sets. This is almost double the output for '31. Last year, according to *Radio Retailing*, 108,000 sets were sold.

Sales currently are about as good as in June. Winter reception, of course, is better than summer.

Incidentally, a radio receiver installed in an automobile is an automobile accessory in the eyes of internal revenue bureaucrats. That's all right with the radio manufacturers. They are used to paying a 5% tax on their products. Automobile accessories get by on 2%.

"Depression Course" To Fill the Job Gap

HARVARD BUSINESS SCHOOL is offering a "depression course." Better than waiting around for jobs, better than the demoralizing experience of repeated refusals, it suggests that the young college graduate or the young man laid off can spend his time perfecting his training.

So the school offers him the regular first year course, to be compressed in the period from Jan. 30 to Aug. 16. Tuition will be $600, as always, but room, board, and books outlay has been reduced 25%—to less than $400.

Last June's graduates have made a good record; 80% of the 395 are employed; only 10% looking for work.

Pensions for Employees

■ ■ ■

A good job is a better job when a pension goes with it.

Employers are coming to accept this view. Employees endorse it by the high percentage which enrolls when the plan is on the save-as-you-earn basis.

A sound institution like The Prudential can fill an important place in these modern pension programs.

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Please write on my letterhead to Group Pension Department, The Prudential Insurance Company, Newark, N. J. Ask them to send a copy of "A Little Book about Pensions."

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Team work, an important fundamental in the achievement of goals is the outstanding value of Avalanche Bond.

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Quality

Papers

Tractor Exports Look Up, After Long Stagnation

CRAWLER tractor manufacturers are pleasantly astonished to see export sales picking up. The turn came in midsummer, when a few scattering orders broke a long period of dullness. It was no flash in the pan; foreign orders are still coming in. The volume is not impressive, in dollars, but it is impressive in percentages of increase.

Shipments are going to Australia, where tractor business was entirely dead for a time, to the Argentine, to Porto Rico, and to Europe.

Competing with Oxen

Exporters point out that foreign sales in some ways are easier than domestic. Tractors sell on a showing of reduced operating costs. In the United States, the tractor frequently has to displace a fairly efficient and certainly a well-established power unit—say a drag line rig. Abroad, it has to shove out of the way only oxen, or men's muscles.

Hard hit in the domestic field by the farm depression and by the sharp decrease in construction, the tractor industry is finding some business among contractors engaged in public works. Manufacturers, too, are expending considerable skill and energy in working out new applications. Among the newest are railroad maintenance units, the tractor mounting air compressors for operating pneumatic drills and tampers, and also track grinders, welding apparatus, and the like.

4 in Field Now

There are now 4 makers of crawler tractors where there used to be but two. The two were Cleveland Tractor and Caterpillar. Now Allis-Chalmers is in the field, and newest of all, International Harvester, which is just getting in.

The Cleveland Tractor–Austin Western Road Machinery "merchandise merger," by the way, will not be extended beyond the 23 states in which it now is in effect. Cletrac has similar arrangements with other road machinery companies in other sections of the country which are satisfactory and will not be disturbed; it has also a strong independent dealer organization which it desires to keep. It was fully satisfied with its distribution set-up in the Far West and in the East. In the Middle West, the Austin tie-up seemed to be highly advantageous to both.

Tractor trend is toward more powerful machines, without much increase in weight. This has been achieved largely through refinements of design.

Wide Reading

THE FUTURE OF ECONOMIC NATIONALISM. Sir Arthur Salter. *Foreign Affairs*, October. "The pressure which separate interests exercise on the government is almost always in order to secure action which means a more nationalistic policy. . . . Economic nationalism must be a passing phase in the world's history." One of the most discerning articles in the fall magazines.

THE PREDICAMENT OF THE WHOLESALERS. Gorton James. *Harvard Business Review*, October. There is one wholesaler for every 9 retailers in this country. A few experts have analyzed the present crisis and know what the surviving companies must do in way of readjustment.

THE SUPPLY DEALER'S CHANGING PLACE IN MATERIALS DISTRIBUTION. O. Fred Rost. *Engineering News-Record*, Oct. 27. Influences that have reduced the dependence of construction operations on the dealer.

U.S.A. AND U.S.S.R. Walter Duranty. *Survey Graphic*, November. Realistic analysis of comparative production in Russia and the United States by one of the most capable of all foreign correspondents in Moscow. Pertinent in view of a new interest in the Soviet Union, expected to be vocal after election.

THE NATIONAL DEFICIT. Mark S. Watson. *Forum*, November. A serious problem discussed frankly. "When a nation has been counting on the individual and corporation income tax for two-thirds of its total revenues, as was the case in this country in 1930 and incomes are suddenly deflated, the effect upon the nation's revenues is sudden and disastrous."

PRODUCTION STARTS AT KUZNETSK. E. P. EVERHARD. *Freyn Design*, October. Details of installation at the vast Siberian steel plants superintended by the Chicago engineering firm. Other engineering news in a publication "issued only occasionally."

SHOULD THE TAXICAB BE CO-ORDINATED WITH MASS TRANSPORTATION? *Transit Journal*, Oct. 15. Experts discuss a pertinent topic. Entire issue devoted to problems of municipal transport systems.

BOOKS

TRADE UNION POLICIES IN THE MASSACHUSETTS SHOE INDUSTRY. Thomas L. Norton. Columbia University Press, 377 pp., $5. Detailed and readable study of arbitration as used in the shoe industry at Brockton and Haverhill, Mass., where exceptionally difficult and diverse economic conditions faced the industry and the unions.

INDUSTRIAL PSYCHOLOGY. Morris S. Viteles. Norton, 652 pp., $5.50. Discussion of methods employed, the principles involved, and the results accomplished by industrial psychology in promoting the better adjustment of men in industry and increasing business efficiency.

CAREERS IN ADVERTISING. Alden James. Macmillan, 677 pp., $5. What to give that young person who wants your advice (and help) in "breaking into the advertising game." Very good breakdown of the profession, job by job, written by those now in authority. Deserves an index, is otherwise almost a complete handbook of advertising and publishing.

1933 Profits will go to self-starters

Over-driven

NERVES?

■ Are you "everybody's difficulty"? Do you get pettish about things that don't really matter? Does your secretary think you're a grouch?

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Try Kellogg's Kaffee-Hag Coffee. Buy from your grocer. Or, send 15 cents in stamps for a can of Kaffee-Hag. Use this coupon.

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Cotton Industry's Rule On Night Work in Peril

PROPOSED by 43 manufacturers representing 7 million spindles, the policy of abolishing night employment of women and minors was adopted by the cotton textile industry early in 1931.

Under the terms of the proposal, 75% of the entire capacity of the industry was required to vote affirmatively before the rule should go into effect. Adherence of the necessary proportion was announced Feb. 28, 1931; after that time, signatories rose to 88%. Included in the arrangement was the further proviso that if at any time adherence should drop below a certain percentage—80% in the second year—the proposal should not be binding.

To the frank consternation of the majority of manufacturers, defections in the narrow sheeting and print cloths divisions—2 of the major categories—have increased beyond the critical percentage. The Cotton-Textile Institute therefore has called a meeting to be held in Spartanburg, S. C., Nov. to decide whether the policy shall retained or abandoned after Dec. 1.

Leaders of the industry feel the poli has had many benefits. It removed serious threat of overproduction. removed a reproach and raised the dustry in the eyes of the general publ

If the defections are due to the cent pickup in orders, the discouragi conclusion must be drawn that fringe of the industry signed merely a temporary expedient, and that principle of cooperation has made real impress.

There is strong possibility, howeve that broadcasting of the notice of Nov. 15 meeting will arouse converte and other buyers to express their su port of the principle, and exert vigoro pressure. So the outcome is by means a foregone conclusion.

Exporters Here and Abroad Find Ways to Thaw Frozen Credits

FRANCE has turned an adverse balance of trade to her benefit.

The plan which she inaugurated last February to use frozen French credits abroad to pay for French imports from those countries is working effectively, has given rise to some discussion in London and New York that French exporters have been given a preference in the collection of their bills.

In normal as well as depression times, the French are in the habit of buying more than they sell abroad. The difference has ordinarily been made up by invisible balances—foreign tourist expenditures in France, interest on loans, and a small amount on shipping revenue.

It was the Paris Chamber of Commerce that attempted to solve the problem of frozen credits for the exporter. After setting up a Bureau of Compensation for French Trade, members turned over to this special department nearly 300 million francs of credits which were frozen abroad.

It would have been a simple matter if the department could then simply have asked French importers to place their orders through the department. Foreigners, however, were not willing t deal with the department until the had assurance from their government o from their own banks that the Frenc credits would be released internally t meet the bills when presented.

The Paris Chamber then opened nego tiations abroad to solve this problem Because the difficulties were common elsewhere, the French were able soon to arrange special agreements with Hun gary, Lithuania, Estonia, Austria, Bul garia, Yugoslavia, Brazil, and Colombi to expedite the plan. With Chile where the exchange problem was espe cially acute, a unilateral act was passed submitting all Chilean imports into France to the necessity of acquiring special visa from the Compensation Bureau.

When the Paris Chamber checked up on the plan in the fall, it was found that exports to Hungary had jumped from 1.5 billion francs in March, the month the compensation pact was signed, to 2.7 billions in April, and 3.4 billions in May. In the case of Austria, exports increased from 5 billion francs in May to 6 billions in June when ex-

orters were assured of payment of eir bills.

Not nearly all the export business of rance benefits from this credit barter- g plan. To aid other French exporters, e Bank of France has recently been thorized to discount one-third of the untry's frozen foreign credits. Addi- onal aid may be authorized soon.

Many proposals have been made in e last few weeks to aid American ex- orters in overcoming the same prob- m. One of the first to become con- ete came recently from the Merchants ssociation in New York. In an official tement, the association says:

"The Merchant's Association foreign ade bureau will furnish to exporting embers, on written request, the names importers willing to arrange, if sat- factory terms are made, a transfer of edits so that the exporter may receive yment for shipments to those foreign untries where exchange control regu- tions permit such transfers."

Of the 32 countries that have ex- ange restrictions, there are 18 in hich an exchange of credits according the association's plans seems possible. here are 5 countries where the local ws make it definitely impossible to pply the plan, and 9 where there is me doubt concerning the possible eration of the plan.

rench Credits in Chile ay For Chilean Nitrate

HILE has made a deal to sell nitrate to rance and accept French credits frozen Chilean banks as a part of the pay- ent.

Every year, France is in the world arket for a large volume of nitrate. hile has usually been an important pplier because Chilean prices have en favorable, and because the French rmer prefers natural nitrate for fer- lizer. Germany generally supplies the ajor portion of French imports of syn- hetic nitrate. Norway and the United tates have never furnished more than small share of the market.

French demand is peculiar. In a nor- al year, the country imports as much 400,000 tons. Domestic production 1930 barely reached 100,000 tons. mports are made through a government censing bureau which also controls do- estic sales. Since the War, the gov- rnment has definitely backed the infant omestic industry by imposing a tax all imports. Last year the tax on he German imports alone is said to ave produced $600,000. This was used

40 Million Dollars

in Dividends and Interest

DURING the 12 months ended June 1932, holders of Associated securities received **$40,093,000** in interest and dividends. • In the first 6 months of 1932 the number of registered holders of Associated securities increased 15,784 to a total of 252,899. Of these, 116,882 are customers who use Associated services to cook their meals, light their homes, and run their radios. • Associated security holders are distributed throughout every state, in all United States Possessions, and in 29 other countries and their dependencies.

For information about facilities, service, rates, write

Associated Gas & Electric System

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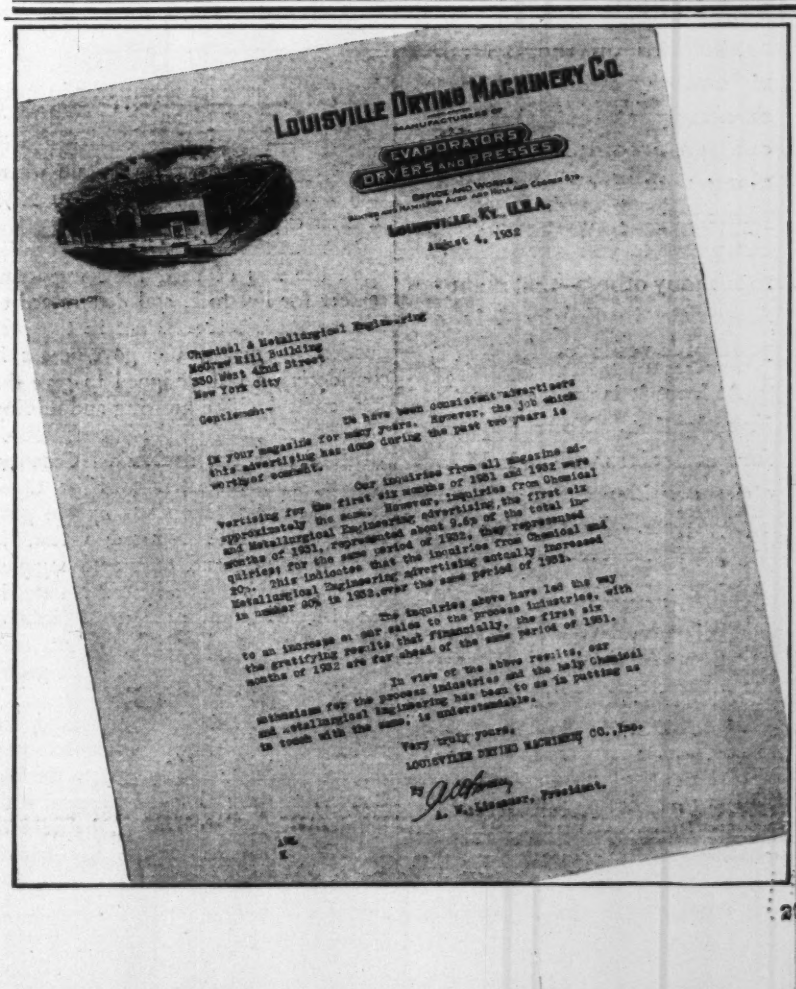

LOUISVILLE DRYING MACHINERY CO.
MANUFACTURERS OF
EVAPORATORS
DRYERS AND PRESSES
LOUISVILLE, KY. U.S.A.
August 4, 1932
Chemical & Metallurgical Engineering
McGraw Hill Building
330 West 42nd Street
New York City
Gentlemen:-
In your magazine for many years. However, the job which this advertising has done during the past two years is worthy of comment.
Our inquiries from all magazine advertising for the first six months of 1931 and 1932 were approximately the same. However, inquiries from Chemical and Metallurgical Engineering advertising, the first six months of 1931, represented about 9.6% of the total inquiries for the same period of 1932, they represented 20%. This indicates that the inquiries from Chemical and Metallurgical Engineering advertising actually increased in number 80% in 1932, over the same period of 1931.
The inquiries above have led the way to an increase in our sales to the process industries, with the gratifying results that financially, the first six months of 1932 are far ahead of the same period of 1931.
In view of the above results, our mimosism for the process industries and the help Chemical and Metallurgical Engineering has been to us in putting us in touch with the same, is understandable.
Very truly yours,
LOUISVILLE DRYING MACHINERY CO., Inc.
By J. W. Lindsay, President.

that roaring
BRITISH LION

MAKE HIM PURR!

Why fight against the tremendous odds of high tariff and the "Buy British" movement? Follow the lead of scores of alert American and European exporters—establish a factory in Great Britain.

Gain the advantage of a "Made in England" label. Be on the *profit side* of tariff walls. Stop worrying about the difference in monetary standards. Prices quoted in Pound Sterling to other parts of the British Empire encourage more business than when quoted in dollars.

Factories on the L. M. S. right-of-way are available at amazingly low cost. Our files contain a complete listing along with floor plans and photographs. We believe we can prove to you—as we have to so many others—that manufacturing in England is a profitable venture.

At least it is an idea worth investigation. Your request for particulars will be held in *strict confidence;* entails no obligation. Just write or phone.

LMS
GREAT BRITAIN

LONDON, MIDLAND & SCOTTISH RAILWAY OF G. B.
[LONDON, MIDLAND & SCOTTISH CORPORATION]
Thomas A. Moffet, Vice-President—Freight Traffic
1 Broadway, New York City

to subsidize expansion of the French industry.

Definite quotas have not yet been assigned to various bidders this year. They were expected 3 weeks ago, but when the French import board met, it was decided to demand that the Chilean bidders accept in part payment for any order some of the credits of French exporters which were frozen in Chilean banks when Santiago placed an embargo on gold and foreign exchange.

In the interim, negotiations have been carried on to determine what portion of the cost of the nitrate might be paid in these frozen credits. Evidently 40% is the figure decided. Paris has not yet announced the results of the meeting but it is generally believed that, on this basis, the Chilean quota of this year's imports will be 130,000 tons. A year ago they exceeded 200,000.

All quotas are likely to be announced early in November. Chief American bidder is Allied Chemical & Dye Corp., which won a contract for 25,000 tons in last year's stiff competition, and which has actively entered European markets this fall with one cargo to Baltic ports, another to the Mediterranean.

Ottawa Sows New Crop Of Trade Restrictions

THE Ottawa conference of the British empire upset many an economic apple-cart in other countries. Readjustment must be prompt because the empire preferences become effective Nov. 15. Four countries already are preparing to mend the damage.

The Irish are the only members of the empire not sharing the new preference in Britain. Maintaining their traditional stubbornness, they refuse to submit to London's demands that they continue the hated land annuities. Evidently they have no intention of recanting, for they are planning beyond Nov. 15 when—unless they do—they will lose empire preference in Britain where they have sold always more than 95% of their exports.

Mindful that Irish farmers will suffer from the loss of their most important market for livestock, and determined to become more self-sufficient in the production of grains, the government is considering a bill designed to give the state control of the growing and milling of all cereals, and of the importation of all foodstuffs for livestock. Growers, millers, and importers will be registered; business supervised by the government. Home-produced wheat, if from approved and registered regions, will command a government bounty, if the bill passes; and some cattle farmers, barred from the British market, may find it profitable to turn to grain-growing for home consumption.

Holland, Denmark, and Poland are worried about pork and bacon exports. All have sold in fair volume to the big London market; all must compete with dominion preference after the middle of November, except on the quotas which the British have promised them in exchange for their business with British manufacturers.

Holland has taken the most aggressive stand. The so-called "Pig Crisis Act" has been passed. As soon as the quota for export to Britain is known, the government will attempt to force curtailment of pig breeding to meet the domestic demand plus this defined quota for export. A central board will be set up by the government to mark pigs at birth for ultimate absorption in the quota. Pigs not marked will not be purchased for slaughter by the control board. All sales will be made through the board.

Denmark and Poland are expected to enact similar legislation and aid their farmers in turning to some other form of stock-breeding or grain-raising.

Argentina, the nation outside the empire most affected by preference policies, is making plans to propose to the world economic conference that the great wheat producers — Argentina, Canada, Australia, and the United States —agree to proportionate decreases of their wheat acreages and bring production within the consumption demand.

Curtailment programs have not generally been successful in the past. There is a new element in the present situation, however, which may make a considerable difference in the way they are applied. In nearly every case, the governments are working to a more or less fixed market which will be determined either by fixed quota or restricted to a bartering of sales against purchases. So long as markets are closely controlled, it may be possible to carry the plan through.

Business Abroad—Swift Survey Of the Week's Developments

Business is completely over-shadowed by elections. Beyond this, only the problem of tariffs and dumping holds whole-hearted attention in almost every major world market. . . . A rapid succession of significant developments is expected soon.

Europe

EUROPEAN NEWS BUREAU (*Cable*)—No problem worried world business leaders this week more than the question of tariffs.

Following sterling's most recent decline, and the steady fall of the Japanese yen, cries of dumping have risen on all sides. France talked frankly of anti-dumping legislation. Most of Continental Europe has an effective ban on imports in the form of quotas, or foreign exchange barriers. But stalemated world trade is obviously awaiting only the results of the American elections before a whole avalanche of economic problems will be thrust before a long series of international conferences for solution.

Markets throughout Europe are nervous, though bonds have remained comparatively steady and there has been no collapse on any major Bourse. Commodities have suffered partial relapses, especially grains.

Unemployment increases are very moderate, though the total of jobless workers is far greater than a year ago.

All eyes are focussed on Germany's elections, Nov. 6, and, much more importantly, on the American elections Nov. 8. Until results are announced, and the Administration in Washington can act on world problems, little progress will be made.

Great Britain

Textile strike and hunger marchers fail to end British optimism. . . . New conversion announced. . . . Sterling slightly steadier. . . . Soviet orders received.

LONDON (*Cable*)—Neither the strike of 170,000 cotton spinners in the Lancashire area and the closing of 90% of the mills, nor the "hunger march" on London and threats of other demonstrations unless the hated "means test" is withdrawn has turned British business completely gloomy. Rather, the market is still more or less under the influence of encouraging reports from several quarters. They were well summarized by Chancellor Chamberlain:

"Indications are coming to hand from various quarters that the rising tide of unemployment has been arrested"; and "orders are coming in today from quarters from which they have not been received for a long period." And finally: "While I must definitely warn you that the path will not be one of uninterrupted progress, I do really think that there are more solid prospects of recovery today than at any time since the present government took office."

Britain, like the rest of the world, is waiting for the American elections to get out of the way so that progress can be made on major questions of disarmament, monetary policy, tariffs, war debts.

The week brought a few outstanding developments. Stocks were generally lower, but bonds were steady. Announcement that the Treasury plans to redeem the $378 millions of 5% bonds due on Feb. 1 indicates a continuation of the policy of converting national obligations to interest rates in gear with current prices.

Sterling is still unsteady, but the precipitate drop of last week has been stopped.

France

Business inactive. . . . Much talk of tariff reciprocity, and some of anti-dumping legislation. . . . Foreign trade fails to improve.

PARIS (*Wireless*)—There was more of talking than of acting in French business this week, due obviously to the tendency in Paris as in most other European capitals to mark time until results of the American elections are known.

In executive discussions, however, were references to proposals by French diplomats regarding coming tariff policy. "Reciprocity" based on an equality of concessions is popularly argued; also, there was a note of warning from the Minister of Commerce who declares he will ask Parliament soon for anti-dumping legislation which

Central News

SAFE OIL—*Patriotic Tokyo welcomed Kojiro Matsukata, Japanese industrialist (center), returning from Moscow with an agreement to supply Japan with oil, free the country from dependence on "possible enemies" for necessary supplies*

will permit the authorities to adopt suitable reprisals against countries which subsidize various means of helping their exporters, particularly when this works to the detriment of French products.

Foreign trade figures for the first 9 months show that French exports to the United States were down 41% compared with the same period last year, while imports declined only 30%. The balance in favor of the United States totaled $51 millions. Only Germany—with $60 millions—had a more favorable balance of trade with France.

Little importance is attached to official statistics indicating that in the last several weeks there has been a firming of prices and a narrowing of the margin between wholesale and retail prices. There is a slight decline in unemployment. Dollars and sterling have been weak, but the prospect of a huge budget deficit and a consequent demand for loans has prevented any unusual activity on the Bourse. The metallurgical and coal industries continue dull, but textiles hope to benefit slightly from the orders that may be turned from Britain, now that the textile strike has been renewed there.

Germany

Recovery withstands election uncertainty. . . . Cut in discount rate to 3½% expected. . . . Cotton and woolen mills in remarkable recovery; steel still improving. . . . Threat to exports most unfavorable factor.

BERLIN (*Cable*)—Germans are more or less apathetic over the elections to the Reichstag which will be held Nov. 6, but they have been unable to prevent the traditional pre-election uncertainty from affecting business.

From Berlin, however, it is possible to point out several distinctly favorable factors. One is the election itself. It will be over at the end of the week. Whatever the result, business is likely to carry on under the present von Papen government.

More encouraging are the reports from industry. Steel has shown signs of recovering for several weeks. A fresh impetus came recently when the Soviets placed orders for another 50,000 tons. Government railroad orders are coming through in the prescribed volume of about 40,000 tons a month.

To this news, cotton and woolen mill operators this week reported a remarkable upturn in business.

Even the increase in the number of jobless in the first 2 weeks of October is not accepted pessimistically. It is pointed out that the von Papen plan to create new jobs in industry is working and that the increase is due only to the ending of the very seasonal summer work. Trade union statistics support the contention.

Finally, every informed observer in Berlin confidently expects that the Reichsbank rediscount rate will very soon be cut another ½% to 3½%, making available to slowly reviving industry cheaper credit. The report of the Reichsbank for the last several weeks has showed a steadily improving position.

Anti-German Boycott

Against these favorable developments are several depressing factors. The most serious is the boycott of German goods in most countries of Northern Europe as a means of retaliating against the German import quotas. German farmers are insisting that the quotas be definitely enforced. Industrialists are demanding that the policy be abandoned unless the country is willing to face the prospect of cutting out the heart of its vast export business. Trying to please both sides, at least until after the elections, the von Papen government has failed to take bold action though settlements have been negotiated with Denmark and Finland. The important Italian and Dutch markets, however, are holding out relentlessly.

Two of the country's biggest industrial corporations, the Steel Trust and the Chemical Trust, have published third quarter reports, and summarized the year's business to date.

German Steel Report

The Steel report shows that total turnover declined from $200 millions in 1930-31 to $124 millions in 1931-32, or by 38%. The significance of the 1932 figure is emphasized by the fact that the annual turnover is now considerably below the reduced capital of the company ($185 millions). The share of foreign business declined further from 44% to 38%. If not for the large Soviet orders, executed mainly during the first half of 1932, this share would have declined even more.

Improved outlook in the export business and incipient revival of domestic demand, both of which became manifest in the early days of October, were not, of course, reflected in the report.

The Chemical report for the third quarter of 1932 registers the "beginning of revival" both in domestic and export markets. Only in the Scandinavian markets did the announcement of the German import quotas have highly detrimental effect upon the sale of the diversified products of the German Chemical Trust.

In Germany, sales of nitrogen fertilizers in the third quarter were 10% above 1931 figures. The agreement reached in July, 1932, between European nitrogen producers justified hope for better prices in foreign markets—pending a final agreement with the Chilean interests.

Production of Leuna synthetic gasoline is maintained at the level of 100,000 metric tons a year. The fact that practically all leading American oil firms have now joined the Hydro Patents Co., floated jointly with Standard Oil in 1930, is noted as a matter of special satisfaction.

Far East

Japan worried over "dumping" accusations. . . . Yen toboggans to new lows. . . . Service on foreign currency loans may be cut. . . . Government threatens to take more active part in silk industry control. . . . "Buy Chinese" campaign develops. . . . More Chinese construction plans.

JAPAN is again the center of Far Eastern business news.

From New York, San Francisco, Malden, Camden—American manufacturers have sent protests that the Japanese are dumping produce on the United States market. Electric light bulbs, matches, rubber-soled shoes, iron, ammonium sulphate, and canned food products are only a few of the items which the Japanese are said to be offering on the American market at prices below the cost of production here.

Significant, but forgotten by many, is the fact that this accusation has come comparatively recently, and that it follows Japan's abandoning the gold standard. The Japanese yen, at par, was worth more than 49¢. On Oct. 31 it was quoted at slightly more than 21¢, and the trend in November is still downward. Simply stated, this means that Japanese prices, quoted in yen, are now less than half their former value in American currency.

Importers protest that there has been some price adjustment by the Japanese to counterbalance this depreciation of their currency. Competing American manufacturers, nevertheless, are able to produce current Japanese quotations on various Japanese products which show that there is a wide differential between

International News

HOOVERGRAM—*"Please advise whether duties on these 65 products should be raised to avoid foreign dumping on the American market." Robert L. O'Brien (center), chairman of the Tariff Commission, scans the President's latest request with assistants Ornburn (left), and Brossard (right)*

urrent prices and those quoted last ear when the yen was worth 49¢, ot 21¢ (see page 5).

The investigation in Washington of harges of dumping will make much ore rapid progress if this currency epreciation is admitted as the imme- iate factor, and if some move is made remedy it. To prove dumping almost lways takes a long time. The present ritical situation needs prompt attention.

Yen to Stabilize

Other developments in Japan have ommanded attention. In the field of anking and finance, it is to be noted hat large private bankers in Tokyo have ppealed to the government to make ome move to stabilize the yen, prob- bly through the creation of a govern- ent stabilization fund similar to the terling stabilization fund set up by ondon. Japan, however, is likely to y to maintain an export advantage, hich demands that yen exchange main- ain some advantage over sterling.

One of the problems which exchange epreciation has raised is the servicing f Japan's outstanding foreign currency oans. Tokyo is now talking of servic- ng in the stipulated foreign currency nly the portion of these foreign cur- ency obligations actually held by for- eigners. Those bonds held internally by Japanese would be serviced in yen. Since more than half of the bonds are known to be held by Japanese, the plan would allow the government to conserve a large volume of much-needed foreign balances.

Internally, talk of merging the various units of the steel industry is no longer heard. Mills are working somewhere near capacity on orders for the government and for Manchukuo; owners are beginning to turn a profit.

Textile mills also are expanding their activity. New mills are being erected, capacity increased in some old ones.

Government to Control Silk

The silk industry has been unfavorably affected by the declining prices for raw silk. It is reported from Tokyo that the government is definitely to consider a bill in the December session of the Diet which would set up a state system of sales control for raw silk. Also, it is planned to open during the winter in New York a Silk Research Bureau to investigate American market conditions, advise the home industry on profitable new uses.

Chinese conditions have changed but little. Anti-foreign feeling is being expressed in a new light. "Buy Chinese" is replacing the antagonistic boycott posters in many cities. In the face of national buying campaigns abroad, this can rouse little unfavorable sentiment among foreign merchants.

American engineers attach some significance to the arrival in Washington of a Chinese commission, representing the Nanking government, which plans to make an intensive study in this country of industrial methods, American equipment.

Latin America

Chile still badly depressed.... Argentina revives trade with Chile, prepares to send strong delegation to Britain. ... Puerto Rico banks get R.F.C. aid.

CHILE elected a president without widespread disturbances; Brazil will back a $1 million campaign to advertise coffee in the United States; Uruguay will continue to pay interest on the internal and external debt; Argentina will renew trade relations with Chile on the basis of a special 6-month agreement; 2 Puerto Rico banks will get $500,000 each from the R.F.C. These are the highlights in the Latin American business picture this week.

The situation in Chile is most unfavorable despite the passing of election day without any outrages. The volume of paper currency is growing rapidly. So is the budget deficit. There is not enough confidence in the new president to assure business that he will be able to improve conditions.

The plan to advertise coffee in the United States is surprising only because it has the cooperative backing of both the American interests and the Brazilian growers.

New Argentine Trade Pact

The plan to renew Argentine and Chilean trade relations is important though it does not involve a large volume of business. Chile, according to the new project, reduces the duty on Argentine cattle, while the Argentine cuts the rates on Chilean lumber and dried fruit. This change of spirit is expected automatically to cause traffic on the Transandine railway to be resumed soon.

Argentina is very much concerned over plans for the departure of the Argentine trade delegation to Britain to negotiate an adjustment of Anglo-Argentine trade following the Ottawa tariffs.

There are no outstanding changes in the general outlook.

The Figures of the Week And What They Mean

Seasonal expansion has practically spent itself in freight shipments and coal production. . . . Steel activity will probably slump next unless the major consumers come forward shortly with their long delayed business. New model production will lift November above the October level. Railroads are cautious about ordering rails in spite of the price cut. . . . Construction industry leans heavily on the R.F.C. . . .Weather and shortening days account for the moderate increase in electric power output. . . . Commodity prices took their cue from wheat, which broke all records this week seeking a bottom level.

IMPROVEMENT in automotive steel demand and some quickening of activity among the railroads featured steel. October managed to maintain a rate of production of around 20% of capacity without the aid of these 2 major consumers, but November will probably lean heavily on some spurt from them. The response from the railroads to the cut in rail prices has been less encouraging than many had hoped, though those cognizant of the railroad situation were not very sanguine. The Lackawanna & Western proved to be the steel industry's first rail customer following the $3 cut, bringing a 4,000-ton order for 130-lb. rails. Illinois Central has signified an intention to buy 6,000 tons, but not before the turn of the year.

Construction and repair of equipment looks like the more fertile field for railroad demand. A number of roads plan to build or repair freight cars and locomotives, in their own shops as far as possible. Part of the activity can be laid to an effort to create work for their forces during the winter months. The Pennsylvania has announced its intention to utilize the R.F.C. loan in this manner, and the New York Central plans a similar program with its $2.5-million loan.

Though October promises to reach all time low in automobile output, November offers some opportunity for demption. *Iron Age* reports that Chrolet will produce 110,000 cars in next 3 months, regardless of gene business conditions. Plymouth claim backlog of over 19,000 cars. A ra hook-up covering dealers' meetings 25 cities enabled W. P. Chrysler broadcast announcement of an aver reduction of $60 on the new 6-cylin models. The trade can therefore lo forward to severe competition n spring. Ford output continues at a l level. Announcement of bonuses salesmen on cars sold before Dec. is hoped to reduce dealer's stocks 50,000 in the next 2 months.

Motor Car Sales

September sales of passenger c totaled 81,893, a 12.4% decline fr the August sales of 93,457 cars. S tember production of passenger cars the United States totaled 64,735, t indicating a continuation of substant inroads on dealers' stocks throughc the country.

Federal financing continues to s port the volume of construction activi which necessarily means great delay b

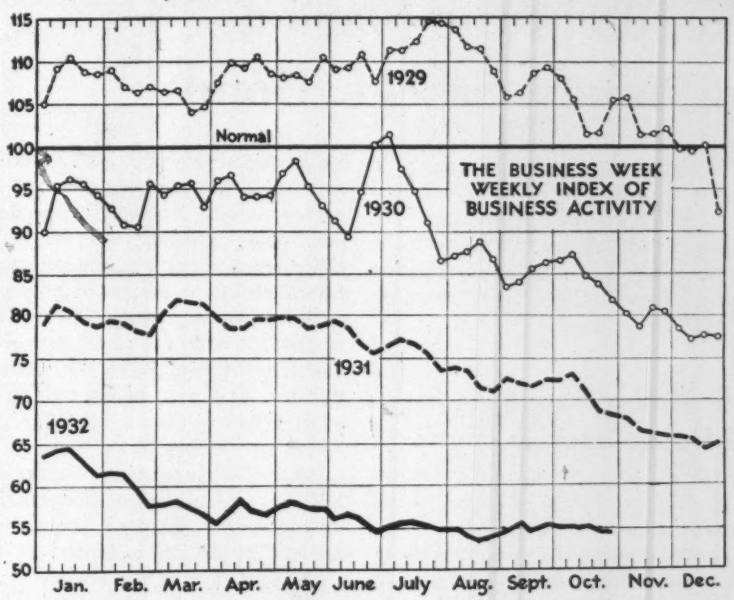
THE BUSINESS WEEK WEEKLY INDEX OF BUSINESS ACTIVITY

	Latest Week	Preceding Week	Year Ago	Five-Year Average (1927-1931)
THE BUSINESS WEEK WEEKLY INDEX OF BUSINESS ACTIVITY	*54.4	†54.6	68.2	
PRODUCTION				
Steel Ingot Operation (% of capacity)	*20	*20	30	61
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$4,928	$5,014	$8,793	$17,661
Bituminous Coal (daily average, 1,000 tons)	*1,300	1,315	1,357	1,726
Electric Power (millions K. W. H.)	1,533	1,528	1,652	1,677
TRADE				
Total Carloadings (daily average, 1,000 cars)	107	108	128	171
Miscellaneous and L. C. L. Carloadings (daily average, 1,000 cars)	69	70	83	109
Check Payments (outside N. Y. City, millions)	$2,587	$3,250	$3,449	$5,569
Money in Circulation (daily average, millions)	$5,608	$5,641	$5,513	$4,913
PRICES (*Average for the Week*)				
Wheat (No. 2, hard winter, Kansas City, bu.)	$.43	$.45	$.52	$.95
Cotton (middling, New York, lb.)	$.062	$.063	$.067	$.152
Iron and Steel (STEEL composite, ton)	$29.32	$29.32	$30.64	$33.99
Copper (electrolytic, f.o.b. refinery, lb.)	$.051	$.054	$.068	$.125
All Commodities (Fisher's Index, 1926=100)	60.6	61.1	68.5	87.9
FINANCE				
Total Federal Reserve Credit Outstanding (daily average, millions)	$2,222	$2,229	$2,212	$1,550
Total Loans and Investments, Federal Reserve reporting member banks (millions)	$19,118	$19,121	$21,221	$22,383
Commercial Loans, Federal Reserve reporting member banks (millions)	$6,164	$6,185	$7,624	$8,797
Security Loans, Federal Reserve reporting member banks (millions)	$4,352	$4,447	$5,897	$7,285
Brokers' Loans, New York Federal Reserve reporting member banks (millions)	$352	$433	$869	$3,434
Stock Prices (average 100 stocks, Herald-Tribune)	$84.67	$84.98	$101.73	$144.64
Bond Prices (Dow, Jones, average 40 bonds)	$78.92	$79.53	$84.21	$93.74
Interest Rates—Call Loans (daily average, renewal)	1%	1%	2.5%	4.3%
Interest Rates—Prime Commercial Paper (4-6 months)	1½-2%	1½-2%	3¾-4½%	4.5%
Business Failures (Dun, number)	550	535	530	465

*Preliminary †Revised

The Index

The weekly index of general business activity, first of its kind, is compiled by *The Business Week* from 8 series of weekly figures —steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation see *The Business Week*, May 7, 1930, p. 39.



e projects are in shape to influence steel industry. The corporation is owing more cautiousness of late in proving "self-liquidating" projects. the past week, New York state ured approval for 2 projects, one a 9-million housing project and the er a $3.4-million bridge. The latter uires 12,000 tons of steel.

Tin plate remains the bright spot of industry, operating at 40%–50% capacity. Pipe demand also hinges federal aid to municipalities, but the tlook is promising. A gasoline pipe e from Toledo to Detroit is being cussed, for which more than 4,000 s of steel is required.

Pig iron production in October again ceeded the preceding month. A tonge of 644,787 is reported, equal to a % gain in the daily rate over Septmber, while the latter month made 21.5% rise over August. Two more rnaces were added to the active list, aking 49 in operation on Nov. 1.

Construction Diminishing

Dwindling of construction activity is be expected as the year draws to a se. Through Oct. 22, F. W. Dodge orts $75.6 millions of contracts, a .6% decline in the daily rate from ptember. The *Engineering News-Record* data on heavy construction gives indication that the closing days of ctober will stem the declining tide. ojects enumerated by this publication the week ending Nov. 2 were valued $19.6 millions; the preceding week 4.3 millions, and 2 weeks ago $34.4 illions.

Bituminous coal production apparently reached its peak by mid-October, declining slightly in the following week of Oct. 22. The adjusted index stands at 58% of normal. Unless a sudden spurt of cold weather should catch consumers unawares, bituminous coal production will tend to decline to the end of the year. Anthracite output for the same week increased 8.8%.

Electric Power Production

Electric power production made but a slight gain during the last week of October of less than seasonal proportions in spite of the rainy weather that must have stimulated domestic consumption for lighting purposes. The index declined to 70%. Since the expansion of power in the past week was the same as a year ago, the spread between the 2 years remains unchanged at 7.2%. The U. S. Bureau of Mines reports the first decline in natural gas production during the year 1931 since 1921, amounting to 30%. The decline is attributed to lessened demand for field and refinery purposes and for the manufacture of carbon black. The 1.2% increase in the amount distributed to domestic and commercial consumers is accounted for largely through the opening of new lines.

The long awaited turn in carloadings took place during the week of Oct. 22. Only L.C.L. shipments scored a gain. In the preceding 2 years a slight increase in loadings occurred, probably a post-holiday influence. Early returns for the week of Oct. 29 suggest that the seasonal downward trend has begun in earnest, that Oct. 15 saw the peak of 1932.

Check payments declined 24% in New York City for the week ended Oct. 26 and 20% in the centers outside of New York. The adjusted index rose a point to 57%.

The decline in currency circulation continues to strengthen the position of the banks. Some $177 millions fewer dollars on the average are now outstanding, compared with the week July 9. On Oct. 1 the Treasury reports a further increase in national bank notes outstanding totaling $41.6 millions, and a $61.8-million decrease in Federal Reserve notes. Fourteen banks closed during the last week of October, compared with 21 the preceding week. October suspensions number 67, practically the same as September.

Commodity Prices

The stock and wheat markets set poor precedents for other commodities this week. Wheat futures on the Chicago Board of Trade declined to new record lows. Corn sagged less sharply as export demand from Europe was reported strong. Prices are said to be insufficient to pay railroad freight from Iowa and South Dakota, leading to agitation for a 50% reduction in freight rates for export corn.

The non-ferrous metal markets maintained a good tone, with fair business reported in copper and lead. Prices except copper were steady.

Practically every other important commodity shared the depressing uncertainty over hanging security markets.

Trends of the Markets In Money, Stocks, Bonds

Pre-election stagnation persists in security markets, but stock prices hold steady while bonds tend to sag. . . . Idle money continues to accumulate in big member bank reserves, but no sign of commercial credit expansion appears.

Idle Money Shows No Signs Of Going Back to Work

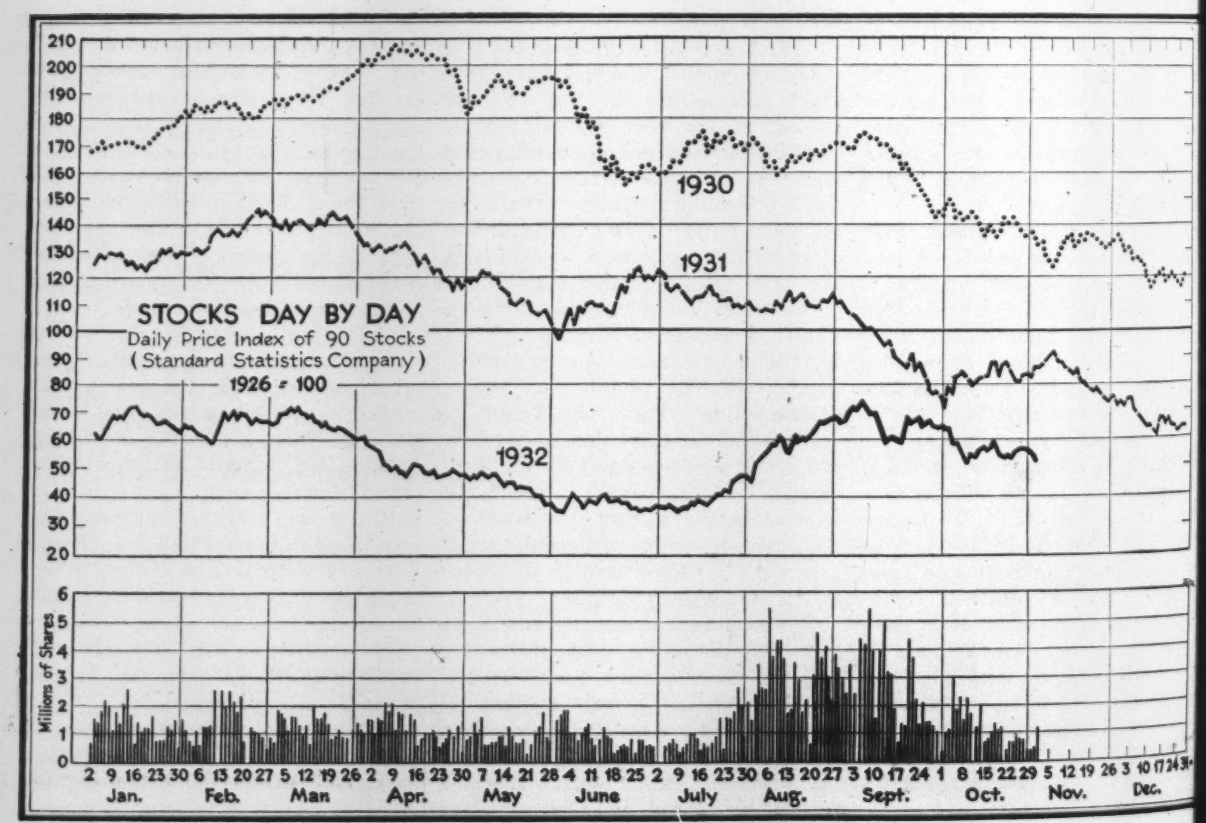
MONEY markets and banking conditions share the pre-election dullness of the security markets, but the cause goes somewhat deeper. It will probably require something more than an election outcome either way to alter the extreme congestion of idle funds in New York and other financial centers by arousing an active demand for credit or an energetic disposition of bankers to sell some of it or of investors to put their money to work. The outlook is for continued unemployment and very low wages in this field.

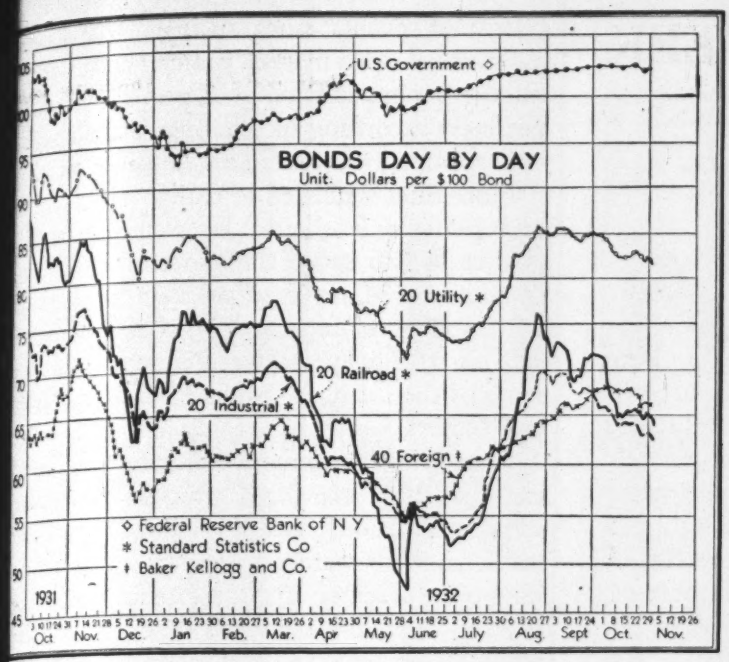
Short-term money rates in the New York market are still easing, although they can't become much lower. Call money outside the Stock Exchange is now going regularly, so far as it is called for at all, at ½%, the rate reserved for call loans to dealers in government securities a while back. There is heavy borrowing now for purchases of new Treasury security issues by dealers at this rate or lower, and the fluctuations in these borrowings account for almost all of the changes in the brokers' loans figures. With each new Treasury note, bill or certificate issue, they shoot up, only to drop as sharply as the new issues are sold by dealers to banks.

In fact, most of the activity that can be detected in banking and brokerage circles in New York these days has to do with government securities and Treasury financing. There are no signs of credit expansion by member banks of the Reserve System in any other form. Commercial loans are still declining, and while the banks seem to be buying a few other bonds now and then, the increases taking place in total loans and investments are almost wholly due additions of government securities their portfolios. This factor accou also for most of the increase in mem bank deposits, since funds or cred placed at the disposal of the Treas through such purchases of governm securities show up as deposits.

Excess reserves of member banks co tinue near the half-billion dollar ma Gold inflow, steady increases in n national bank note issues, return of c rency from hoarding are swelling serves faster than they are being used repay borrowings from the Federal serve banks or offset increased depos although increases from these sour are slowing up. Most of this idle cre is still stuck in the larger New Y member banks. Some of them want see money tightened a bit by the Fede Reserve Banks, through slow sale some of their security holdings acqui during the large scale open-market op ations since March; but the Reser authorities are maintaining the ea money pressure hoping that in ti more active and liberal loan policies w be forced upon the member banks.

The foreign currency situation ste ied itself temporarily with a rally o few cents in sterling; but it is extrem doubtful whether it will be possible




BONDS DAY BY DAY
Unit. Dollars per $100 Bond
U.S.Government ◇
20 Utility *
20 Railroad *
20 Industrial *
40 Foreign †
◇ Federal Reserve Bank of N.Y.
* Standard Statistics Co.
† Baker Kellogg and Co.
1931
1932
Oct. Nov. Dec. Jan Feb. Mar. Apr May June July Aug. Sept Oct. Nov.

upport sterling at the present level in iew of the continued deflation of gold ommodity prices. The yen fell further his week to the lowest figure on record.

Bond Market Is On Uneasy Street

REACTIONARY tendencies in the bond arket have been a somewhat disturbing eature of a financial situation otherwise ill fairly reassuring. Reasons for it re not clear on the surface. Anxiety ver the federal fiscal situation of course till persists, but this feeling is hardly onsistent with the favor which governent issues find with such investment unds as are active in the market, espeially among the banks. Most of the ank additions to their government ecurity holdings, however, are shorterm issues. Purchases of insurance ompanies and savings banks lately have un mainly to governments and the etter-grade municipals. Corporate isues have been getting a little support rom member bank buying, but not nough to hold the bond averages up.

New issues increased somewhat in October, but hardly enough to swamp he market. New financing in that month was about $110 millions, larger han for September and almost 3 times s much as in October, 1931, when new flotation activity was sharply depressed by the abandonment of gold by Britain. The new October issues were all bonds, mostly public utility.

Stocks Bear Up Well But Traders Are Bored

WALL STREET has had to endure some of the dullest days in many years during the past 2 weeks, with trading in many full-day sessions ranging around a third of a million shares—less than on many a midsummer Saturday morning.

Stock prices have borne up under this stagnation fairly well, and indeed somewhat better than the bond market. The averages at the close of October were just about where they were at the end of the first week of the month. Probably one important reason for this stability in face of business and political uncertainties is that there is now very little stock held on margin to be cleaned out. Most of it is owned outright and such holders are unwilling to sell till they see some good reason other than the inaction of the market.

One by one each of the apparent reasons for expecting some further recession in stock prices have proven ineffective. Political influences, the approaching end of the seasonal business improvement have been imperturbably passed over, and more recently even the exceedingly sour third-quarter earnings reports have failed to depress the market any more than things like the U. S. Steel dividend action aroused it to enthusiasm. Even the slump in wheat prices last week failed to give the market a flutter. Some sort of post-election rally is still expected, but beyond that the oracles say not.

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THE BUSINESS WEEK

The Journal of Business News and Interpretation

November 9, 1932

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AMID the conflicting claims of campaign orators concerning party accomplishments in stopping the depression we hear all too little mention of the Federal Reserve Banks. Fortunately they stand as fully apart from politics as is possible for any governmental agency in this politician-ridden land of ours; and it is undesirable to drag them into the mêlée now. Nevertheless business should not lose sight of the important, perhaps decisive, part they have played in the improvement that has taken place since last spring. They have not played this part without opposition, and the policy they are following still faces stubborn resistance and needs the steadfast support of business opinion.

This paper has always believed in the ultimate power of the Reserve banks, through open-market operations, to influence the general trend of business activity and price levels. When the process of credit contraction, which underlies the depression and the collapse of prices, set in in the first half of 1930, we repeatedly urged the Reserve authorities to undertake such open-market purchases of government securities on a large scale, believing that the disastrous deflation could have been successfully checked or controlled at that point.

This was unfortunately not done, and thereafter, down to the spring of 1932, external conditions arose at home and abroad which would probably have prevented the success of such an effort. But in our opinion it is not too much to say that the aggressive open-market policy which it finally became possible for the Federal Reserve Banks to adopt in the spring of this year, and which they have so far carried out with admirable skill and persistence, has been the most important single factor in checking further contraction of business and decline of prices. The conjunction of other influences and emergency agencies introduced by the government should not confuse our understanding of the crucial rôle of the Reserve banks in the course of events since spring. The Reserve authorities' open-market policy has so far fulfilled every expectation of its proponents, almost perfectly according to schedule, even though it was applied two years late.

More time is needed to realize its full effects; and perhaps it should be pushed somewhat farther still to speed the process. Certainly it should not be reversed or abandoned at this critical stage of recovery, just because, as a result of it, money rates are unremunerative to some of the member banks in the larger financial centers.

Cheap short-term money must be permitted to exert its full force for a sufficient time toward credit expansion, and be allowed to translate itself, as it ultimately will, into lower costs of long-term capital for industrial expansion. Having carried the process of credit convalescence so far, it would be madness, from both political and economic points of view, to retreat before it is completed merely out of consideration for the preconceptions of member banks regarding the proper level of interest rates in the money market. It would be especially foolhardy to do so at a time when the unbearable burden of deflation on debtor groups is beginning to exert almost irresistible pressure toward experiment with some form of direct inflation.

Last week we said something about the plight of the unemployed dollar. This is partly due to the Reserve policy of which we are speaking. But it is much better to have dollars on the breadline and idle money on a dole, if it will not take long-time jobs at lower wages, than to have more men idle, and more workers' wages reduced, as we must if money is tightened again.

We hope the Reserve authorities will resist whatever pressure may be applied to them to do so; that they will hold the line they have taken; and that business will back them up in their courageous, constructive policy.

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